

Two biggest unions poised to reject phase three

ment hopes of securing
ant on a future incomes
within a fixed ceiling could
a final blow this week. It
likely that members of
two biggest unions, the
mated Union of Engineer-
kers and the Transport and

General Workers' Union, will vote
for a return to full collective bar-
gaining. Meanwhile, figures pub-
lished yesterday showed that aver-
age earnings in the first nine months
of phase two rose by 7.5 per cent.
In the same period prices rose by
14.6 per cent.

Alliance threat to pay policy

Shakespeare
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 Government's hopes
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ederation of Ship-
 and Engineering
 ch opens in Scar-
 ay.

motive group of which he is
 national secretary, I understand
 that while the union's
 delegation will be voting for the
 motion. Among them is Mr
 Moss Evans, who is to succeed
 Mr Jones as General Secretary
 of the T&GWU.
 The view of the T&GWU
 delegates, including Mr Evans,
 is apparently that the uncon-
 promising resolution expresses
 the current thinking of their
 union's national executive.
 While it cannot, of course, be
 interpreted as a commitment
 of union policy, which will be
 decided at the T&GWU's own
 annual conference in a four-
 night's time, the delegates
 believe that they cannot do
 otherwise than support the motion
 which comes largely from the
 union's membership in the car
 industry.

expected that existing agree-
 ments up and down the
 engineering industry would be
 honoured to their terminal
 dates.
 Under phases one, and two
 of the Government/TUC wages
 strategy, the engineering unions
 have found themselves in a
 serious quandary over pay bar-
 gaining. It has been impossible
 to pursue any effective new
 industry-wide wages deal with
 the Engineering Employers'
 Federation (EEF), which repre-
 sents some 5,000 firms in the
 industry, and settlements have
 been concluded at company and
 plant level.
 This means that the industry
 is now faced with individual
 wage deals all with different
 terminal dates under the so-
 called "12 month rule" laying
 down that any pay settlement
 must run for a full year.
 If the Confederation now-
 seems to be moving towards
 the motion for a return to un-
 fettered collective bargaining it
 will probably have to wait until
 these deals at company and
 plant level have run their full
 course before it can again
 think in terms of making a fresh
 approach to the EEF for a new
 national agreement.

The composite motion on
 wages results from a series of
 resolutions tabled by several of
 the Confederation's 19 con-
 stituent unions.
 It seems unlikely that it will
 encounter any serious opposi-
 tion, because many of the dis-
 trict committee reports that are
 tabled at the conference take a
 similar line on the pay issue.
 The main qualification that
 is likely to emerge—and this
 theme is certain to be pursued
 by Mr Hawley and other
 T&GWU speakers—is that the
 return to free collective bar-
 gaining must be orderly, even
 though there are no constraints
 in the form of a formal agree-
 ment with the Government.
 In other words, it would be

Besides the wages issue, but
 directly related to it—the con-
 ference will also be debating
 resolutions calling for a reduc-
 tion in the basic working week
 from 40 to 35 hours. Again, a
 composite motion involves both
 the AUEW and the T&GWU
 together with the powerful
 Boilermakers' Union.

ages up 7½%, prices rise 14.6%

Atkinson
er cent fall in
ings in April put
the first time
base two at 71 per
cent rise 14.6 per
cent.
 Officials in Whitehall
are now confident that the Govern-
ment's target of a single figure
earnings rise over the 12
months of the present pay
policy will be met. This is
higher than the original esti-
mate of a 7 per cent increase,
largely because of bigger over-
time payments than expected.

failure to bring down inflation
despite the slow growth of
wages has made the unions
extremely wary of entering
another agreement to limit
wages.
 However, the overtime boom
between November and March
now seems to be over. April's
earnings drop was mainly
caused by a fall in overtime. It
would be surprising if over-
time remained high, given

the sluggish recovery in the
economy shown by most cur-
rent economic indicators.
 "Most commentators have
been taken by surprise by a
fall in unemployment so far
this year. Less overtime work-
ing in recent months would
help to explain why unemploy-
ment has stopped rising
despite a virtual standstill in
production, and falling retail
sales.
 Another reason for the earn-
ings fall in April was that
there had been a bump
upwards in March as a result
of bonus payments at the end
of the tax year.
 Real earnings in April suf-
fered a double whammy,
as the chart shows, since price
 Continued, page 17, col 3

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Mr Rees tiptoes over the picketing minefield

By Hugh Noyes
Parliamentary Correspondent
Westminster
Mr Rees, the Home Sec-
retary, gave a warning to the
Commons yesterday that unless
the situation outside the strike-
bound film-processing plant of
Grunwick Laboratories was
cooled there might be more
arrests and injuries.
 In a cautious defence of the
police and of the right of picket-
ing, Mr Rees said that unless
those who latched on to indus-
trial action by a trade union
as an excuse for breaching the
law that kind of activity had
no place in responsible trade
unionism, and he was glad to
see that Mr Grantham, general
secretary of the union involved
in the dispute, had appealed for
a reduction in the number
of pickets.
 There was no doubt that both
the police and the pickets who
were genuinely involved
wanted to cool the situation at
the north London factory, Mr
Rees said.
 From the Liberal benches, Mr

Steel urged him to make a dis-
tinction between picketing by
people who worked inside a
place and "rent-a-mot" picket-
ing.
 Mr Whitelaw, the Conserva-
tive deputy leader and home
affairs spokesman, asked Mr
Rees to ensure that peaceful
picketing did not degenerate
into plain intimidation.
 In heated exchanges, with
Labour MPs tending to support
the rights of pickets and Tories
defending the duties of the
police, Mr Rees tiptoed deli-
cately through the centre of
this political minefield.
 With interpretations of the
law flying about the House like
confetti, he related the case that
was all very well interpreting
the law in an academic way,
but he had to meet the situation
on the ground.
 The Home Secretary denied
that there was any question
between employers and the
police. Later, two appeals for
an emergency debate were re-
fused by the Speaker.
 Request to TUC, page 4
 Parliamentary report, page 4

in may take lead in neutron research

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her Education
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of neutron
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rst experiments
at the end of

1982, scientists will be able to
use pulses of neutrons up to a
thousand times more intense
than those available anywhere
else in the world to investigate
the structure and properties of
many important types of
solids, liquids and living materi-
al.
 The Rutherford Laboratory,
which is run by the Science
Research Council, expects im-
mediate advances in physics,
chemistry and biology.
 Moreover, the enormously
enhanced flux of hot neutrons
is bound to lead to new and
unexpected experiments.
 Approval of the SNS was
announced yesterday by Mr
Walter Ulrich, a deputy sec-
retary at the Department of Edu-
cation and Science, who was
opening the Rutherford Labo-
ratory's new central laser
facility in place of Mrs Wil-
liams, the Secretary of State
for Education and Science.
 He said on Mrs Williams's

behalf: "This must be one of
the largest projects to be
undertaken in this country for
a long time and it promises to
take the United Kingdom to the
forefront of research in-
volving the use of neutrons.
 Because the project relies on
the conversion of Nimrod, it is
an extremely good bargain."
 The news will do much for
the morale of members of Brit-
ain's nuclear physics com-
munity, who have been affected
by the severe cuts in spending
on "big science".
 Their joy will be tempered
by the realization that the SNS
is almost certain to be the last
big science research project
initiated by Britain for many
years. As Sir Sam Edwards,
chairman of the Science
Research Council, pointed out,
the council has now gone as
far as it can in "cannibaliz-
ing" the expensive facilities
built during the last years of
the 1960s.

The designers found that
Nimrod was ideally suited for
conversion to a pulse source of
high-intensity neutrons. The ac-
celerator will be adapted to
produce 30 bursts of high-
energy neutrons a second.
 The United States is consid-
ering proposals to build a
similar neutron source at
Argonne National Laboratory,
near Chicago, but the Ruther-
ford facility will be the only
one of its kind in Europe. Dr
Geoffrey Stott, director of
the laboratory, said France and
Germany, Britain's partners in
the "Institute Laue-Langevin"
neutron laboratory near
Grenoble, would be invited to
take part in planning experi-
ments on the SNS.
 The two laboratories will be
complementary because the
French one has a very differ-
ent type of neutron source
giving a flow of particles that
is less intense but continuous
rather than pulsed.



Centenary Wimbledon: The All England
Lawn Tennis and Croquet Club yester-
day reopened the championships that
have made the sedate London suburb
of Wimbledon a household name
around the world for the past 100 years
(Philip Howard writes).
 Before the 128 best men players in
the world began a fortnight of strenuous
contest for the gentlemen's singles title,
a red carpet was laid on the holy turf
of the centre court, and 50 of the
heroines and heroes who have
triumphed in the singles events since
1877 paraded to receive commemorative
awards from the Duke of Kent, presi-
dent of the club.
 They looked trim and happy, adver-
tisements for the benefits of winning
the game that was originally patented
under the name of "sphairistiké" and
played on a court shaped like an hour-
glass.
 The earliest champions present were
Kitty McKane of Great Britain and Jean
Borotra, "the bounding Basque" of

beret and bounce, who won their respec-
tive singles titles in 1924 and 1926. The
most recent were Chris Evert and Bjorn
Borg, who won last year.
 Great names from golden summers of
the fifty years in between warmed them-
selves again in the hero-worship of the
centre court crowd. All the four mus-
teters of France of the 1920s were on
court again: Cochet, Boucquet, Bostan,
ever in kissing the Duchess of Kent's
hand, Lacoste and "Toto" Brugnon.
 Brugnon came in with Bunny Ryan
as two of the greatest doubles players
of all time to represent doubles cham-
pions and got the warmest cheer of the
afternoon.
 Nobody could have guessed that it
would last so long and grow to this
size at the first championships 100
summers ago. Twenty-two gentlemen
entered for that first tournament, and
the final was postponed so that it should
not coincide with the high point of the
English season, the Eton and Harrow
cricket match at Lord's.

Spencer William Gore, a land agent
from Wimbledon aged 27, who played
cricket and the harp, won the title in
1877. His tactics were to rush the net,
which sagged in the centre in those
days, and hope that attempted
passing shots would be caught in the
net, which rose to 5ft by the post.
 About two hundred spectators paid a
shilling each to watch the final. Gore
was supercilious about the new game,
and said that it was rather boring.
 In the 100 years since then Wimble-
don has had 187 champions from 16
different nations. This year more than
300,000 spectators are expected to
watch the players competing for prize
money totalling £22,540. The veteran
heroes and heroines who triumphed on
the smooth green turf of the centre
court many summers ago left the arena,
and Wimbledon got down to the busi-
ness that has made its name, hitting
small white balls violently backwards
and forwards across a net on a lawn.
 Immediately it lived up to its repu-
tation of providing upsets of triumphs

and disaster. Roars of applause from
No 1 court acclaimed John Lloyd, the
British Davis Cup player, who was
knocking out Roscoe Tanner, the No 4
seed and a formidable competitor.
 Among the past champions who were
photographed (above) with the Duke
and Duchess of Kent were:
From left front row: Mrs. Karen
Suzman, Maria Bueno, Doris Hart, Mrs
du Pont, Dorothy Round, Mrs Godfree,
Alice Marble, Louise Brough, Shirley
Fry and Angela Mortimer.
 Middle row: Budgie Patty, Jack Kramer,
Yvon Petre, Donald Budge,
Vine, Henry Cochet, Jean Borotra, Chris
Evert, Mrs. Cawley, Ann Haydon Jones,
Mrs King, Fred Perry, Rene Lacoste,
Sidney Wood, Bob Falkenburg.
 Back row: Arthur Ashe, Stan Smith,
Manuel Santana, Neale Fraser, Lew
Hoad, Jaroslav Drozny, Vic Seixas,
Frank Sedgman, Dick Savitt, Tony
Trabert, Rod Laver, John Newcombe
and Jan Kodes.
 Match reports, page 9

Guardsman 'saved' by judges may leave Army

By Clive Borrell
Crime Correspondent
Guardsman Tom Holdsworth,
aged 19, of the Coldstream
Guards, who last week was
saved from a three-year prison
sentence by the Court of Appeal
"to save his promising career"
in the Army, may soon
returning to civilian life.
 His brigade commander
studying last night a se-
Queen's Regulations
states that "any soldier who
has been sentenced to imprison-
ment, including a suspended
sentence, shall be discharged,
unless his retention is desirable
in the interests of the Service
or is of an exceptional case."
 I understand that there are
no extenuating circumstances
surrounding the case and that
the necessary documents re-
quiring his discharge from the
Army will be processed within
a few days.
 The Ministry of Defence
would not comment last night
but emphasised on certain phrases
from the Queen's Regulations
which left little room for
speculation.
 The case of Guardsman
Holdsworth caused a furore on
Friday when the Court of
Appeal changed his three-year
prison sentence to a suspended
sentence of 18 months.
 Judge Beazley at Norwich
Crown Court last March, to a
six-month suspended sentence.
 The court said it risked the
"life" to save his Army career.
 The Court of Appeal judges
were: Mr Justice Wynn, Lord
Justice Roskill and Mr Justice
Slynn, who said that the victim
of Guardsman Holdsworth's
sexual assault, girl aged 17,
would probably have been less
severely injured had she sub-
mitted to rape.
 Dismissal call: A commons
motion calling for the dismissal
of the three judges was tabled
last night by three Labour MPs
(the Press Association reports).
 They are Mr. Mary Ligon
(Lambeth, Central), Mrs
Audrey Wise (Coventry, South-
west) and Mr William Molloy
(Ealing, North).
 Leading article, page 15

Mr Brezhnev forging new French alliance

Mr Brezhnev has arrived in
Paris for a state visit that
marks the revival of Soviet
relations with France. The posi-
tion of President Giscard
d'Estaing, East-West rela-
tions is more appealing to the
Soviet, "this" that of the
C, and the
Mr Brezhnev each
Mr Brezhnev and
that would entail Page 6

Mr Brezhnev will not visit the
leader of the French Commu-
nist Party while in Paris and
his emphasis on talks with
President Giscard d'Estaing is
seen as an indirect indication
that the Soviet leadership does
not wholeheartedly support a
victory by the left in next
March's elections, with the
changes in European status quo
that would entail Page 6

Britain rejects budget plan

Mr Healey told EEC finance
ministers in Luxembourg that
the Franco-German-West rela-
tions for calculating contributions to
the Brussels budget from next
January were unacceptable be-
cause they would cost Britain
an extra £470m over the next
two years. He said the Govern-
ment would not agree to a
formula changing the EEC
units of account which was not
"financially neutral" Page 6

Banker named as prices chief

Mr Charles Williams, a man-
aging director of Baring Brothers,
the merchant bank, will be the
new chairman of the Price
Commission. He takes over
from Sir Arthur Cockfield on
August 1 Pages 4 and 17

Bewbush land deal evidence

Lord Ryder of Eaton Hastings,
chairman of the National Enter-
prise Board, regarded the vastly
profitable Bewbush land deal
in Sussex in 1972 as "probably
unique in any lifetime experience",
a jury was told at
Chelmsford Crown Court, Essex
Page 3

Woolmer century saves England

An undefeated century by
Woolmer helped England to
recover from a bad start to
their second innings and they
lead Australia by 109 runs at
the beginning of the last day of
the Jubilee Test match at
Lord's. Woolmer and Brearley
added 132 runs for the second
wicket Page 10

Help for young folk in trouble

A national scheme to help those
who want to do work among
young people in trouble or at
risk was announced by the Sec-
retary of State for Social Ser-
vices. It was hoped to set up a
trust that would invite ideas
from groups of people or individ-
uals Page 3

Test ban talks

Britain, the United States and
the Soviet Union are to hold
the first round of talks on a
comprehensive test ban treaty
in Geneva on July 13. Mr Percy
Croft, Britain's ambassador
to East Germany, will lead the
British delegation.

Amin disappearance after murder attempt

From Charles Harrison
Nairobi, June 20
An attempt in Uganda to
assassinate President Amin has
narrowly failed, according to
reports reaching here.
 Ugandan official sources
would say nothing about the
matter and Uganda radio made
no mention of President Amin
in its bulletin, but The Daily
Nation newspaper here reported
that shots were fired at the
President's car in Entebbe at
the weekend, and said troops
were trying to find those re-
sponsible.
 Diplomats based in Uganda
would only say that it had been
"an eventful weekend". There
were reports here of roadblocks
in operation around Kampala.
 Soldiers were understood to be
searching homes and beating
civilians near the scene of the
attack on the outskirts of
Entebbe and were later re-
ported to be killing people from
the Baganda tribe.
 According to The Daily
Nation, President Amin dis-
appeared after the attack and
his whereabouts were not
known. The newspaper said that
it had telephoned General Mus-
tafa Adrisi, the Ugandan Vice-
President, who confirmed that
the President was missing.
 [Other sources said that both
the President and the Vice-
President were taken to Mulago
hospital in Kampala before one
of them was flown to Libya and
the other taken to an unknown
destination.]

It is not unusual for Presi-
dent Amin not to be mentioned
by the radio for a few days, and
he was recently said to have
been taking a belated week's
honeymoon with his wife, Sarah,
when he married a year ago.
 President Amin has survived
at least a dozen assassination
attempts since taking power
early in 1971.
 A year ago, he survived an
attack when three hand
grenades were thrown at his
Land-Rover in Kampala. His
car is thought to have been
fired at on several occasions,
although he has sometimes not
been in it at the time.
 After the hand grenade in-
cident, Ugandan civilians were
told that they would face
severe retribution if further
attacks took place.
 In February a plot to over-
throw President Amin was un-
covered and large quantities of
Chinese-made arms were dis-
covered by security forces.
 Hundreds of people, and pos-
sibly thousands, have been
arrested since then but accord-
ing to refugees here, there are
many desperate Ugandans who
are prepared to continue their
efforts to depose the President.
 Nairobi, June 20.—Unusually
heavy concentrations of troops
were seen in Kampala today
and Uganda radio dropped an
early report that President
Amin was going up a refugee
ceremony in the western part
of the country later today.—
Reuter.

Catch a Caribbean Jumbo.

747s to Kingston at 10.45 every
Wednesday (via Nassau) and Saturday
(via Bermuda). Plus Barbados and
Trinidad at 11.15 every Tuesday and
Saturday, all from Heathrow.
With lots of 707s and VC10s in
between. Full details from your
Travel Agent or British Airways
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Saturday, all from Heathrow.
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between. Full details from your
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Home News	2, 3, 5	Diary	14	Sport	8-10
European News	6	Engagements	16	Football	11
Overseas News	7, 8	Features	13, 14	TV & Radio	27
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Business	17-24	Parliament	4	Weather	2
Court	16	Sale Room	16	Wills	16
Crossword	28	Science	16		

Lord Ryder 'saw land deal as probably unique in a lifetime', director says

Destination	Flight No.	New check-in time Semley Pl. Heathrow		Routing via	Arrival time at destination
USA					
BOSTON	PA 055	0710	0810	AMSTERDAM	1355
DETROIT	PA 055	0710	0810	AMSTERDAM	1720
HONOLULU	PA 121	0850	0950	AMSTERDAM	2205
NEW YORK	PA 103	0710	0810	AMSTERDAM	1355
NEW YORK	PA 001	1130	1230	AMSTERDAM	1910
PORTLAND	PA 125	1130	1230	AMSTERDAM	2045
SAN FRANCISCO	PA 121	0850	0950	AMSTERDAM	1705
SEATTLE	PA 125	1130	1230	AMSTERDAM	1755
Destination	Flight No.	New check-in time Victoria BR Train departure Gatwick		Routing via	Arrival time at destination
NEW YORK	PA 101	0944	1100	BRUSSELS	1705
WASHINGTON	PA 107	0606	0700	BRUSSELS	1335

PARLIAMENT, June 20, 1977

Police and pickets in Grunwick dispute: cooler situation wanted

House of Commons

During exchanges on occurrences outside the Grunwick Processing Laboratories premises in Willesden, Mr. Merlyn Rees, Home Secretary, said the police wanted nothing more than to carry out the law on picketing. They would like to see a cooler situation.

The Home Secretary denied collusion between the police and employers. He said the police were not to solve the conflict but to solve the problem and the sooner both sides got round the negotiating table, the better.

Mr. William Whitelaw (Fourth and the Border, C.) asked the Home Secretary for a statement on the preservation of law and order outside the Grunwick Processing Laboratories in view of the recent increase in picketing.

Mr. Merlyn Rees—I understand and share the concern felt by MPs in all parts of the House about the events outside the Grunwick Processing Laboratories. The Commissioner of Police of the Metropolis informs me that his officers are attempting to maintain conditions of considerable difficulty, both the rights of peaceful picketing and the freedom of those not prepared to be persuaded by the pickets not to enter and leave the premises.

A number of people have been charged with offences arising out of incidents in the picketing action in these cases will be before the court. It would be wrong for me to comment on any particular incidents.

Complaints which may have been made about the conduct of police officers during the last week are already being investigated in accordance with the new complaints procedure, which includes a review by the Independent Police Complaints Board.

It is a matter for concern that certain of those present may have been charged with offences under the law, and particularly for violence against the police. I know, as a responsible trade unionist, and I was glad to note the appeal by Mr. Grunwick to the APEX for a reduction in the number of pickets.

Mr. Whitelaw said: We will greatly accept and support his statement and that of the Commissioner of Police that it is the duty of the police to uphold the law and make sure that peaceful picketing does not degenerate into plain intimidation.

Would he reaffirm his opposition to violence of any sort and express his full support for the police in carrying out their duty to uphold the law?

Mr. Rees—On peaceful picketing, that is the law and has been so for 100 years. This is clearly understood by the trade union movement.

On opposition to violence, of course, on support to the police, I support the police whenever they are carrying out their duties and I believe it wrong for a Home Secretary to pick out the one where he has decided to reinforce that. I support the police when they are carrying out their duties on all occasions. I would prefer that was taken as read.

Mr. David Steel, leader of the Liberal Party (South, C.) said: This dispute will only be solved if the parties to it get round a table. (Labour cheers.) We have seen the initiative taken by the Secretary of State for Employment (Mr. Albert Booth) in an attempt to do that, and regret it has not met with success.

There is a distinction between picketing by people who work inside a place and all associated members, and pickets who are outside. Will he seek to uphold that narrow distinction between one type of picketing and another?

Mr. Rees—The Government welcome his support. The Secretary of State is achieving a solution. It matters that all those involved should sit around a table. That is the best way.

On picketing and peaceful picketing, the trade union movement is clearly understood. It is clear from the reports I have had that if there are 1,500 people picketing outside a small entrance then there are bound to be problems. I hope the pickets will listen to Mr. Grunwick—that the best way is peaceful picketing—and then get a solution which the Secretary of State is trying to achieve.

Mr. Laurence Parry (Brent, South, Lab.)—As a frequent eye witness of the last few days, I welcome his statement. There is considerable

sympathy that peaceful pickets and peaceful police are in a rather difficult situation. There may be problems on both sides and we shall look with interest at the reports that are coming.

It comes ill in the mouths of MPs when what is happening is that the Employment Protection Act is being used by lawyers to try to break the Act, and it makes the rule of law argument look a little bit hypocritical when it is called on. The way to solve the conflict is to solve the problem. The sooner they get around the table the better.

Mr. Rees—He is right—the answer is to solve the problem. There is no doubt that the police and the pickets who are genuinely involved do want to reach a settlement. It is possible that there are going to be further arrests and further injuries to both concerned because the nature of the situation at the moment is leading to that.

Mr. John Goss (Barnet, Hendon, North, C.)—An official of the pickets is reported in the press today as having said he hopes that 1,000 pickets will arrive one morning and that this will be an opportunity to request the Home Secretary to use his power to order the Commissioner of Police to close the factory.

Would he confirm whether he has such power, and if he has, will he use an undertaking that he will do so such thing?

Mr. Rees—I have had no such approach. I am not in business for saying what I will do about such matters. The report in the Daily Express this morning was not true.

He said later: It is clear the Commissioner and the men who work for him want nothing more than to carry out the law and the law of picketing and they would like to see a cooler situation. The complaints procedure does not alter this.

Mr. Norman Tebbit (Waltham Forest, C.)—How many pickets have been arrested? (A Labour MP: How many pickets?) It is possible now for anybody to be arrested and taken to court by the Government with the possible exception of the Home Secretary will be unbalanced in matters affecting the dispute since various members of the Government, including Cabinet ministers, have participated in the picketing and have been arrested and taken to court.

Mr. Rees—Twenty-eight pickets have been arrested since June 13 and since then the law of picketing has been clear. (Disorderly cries of "Disgraceful.") None of my colleagues are unbalanced about the law, but there may be some who are in a different situation when it comes to the working conditions in the factory.

Mr. Alexander Lyon (York, Lab.)—What is the law of picketing? It says that a given number of pickets are a prerequisite of peaceful picketing. How can it be said that the police are carrying out the law when they are carrying out the law of picketing? (Conservative cheers.)

In relation to the threat to law and order, the police have a duty to people working there for 125 for a full week's work? The threat to law and order is Mr. Ward's refusal to negotiate with the pickets and his responsibility to get the matter settled.

Mr. Rees—The number of pickets is a question of law and the interpretation of the law. It is a complicated matter, but the police have duties in this respect. That is why I say that they are carrying out the law. They are not carrying out the law of picketing. They are carrying out the law of picketing. They are carrying out the law of picketing.

Mr. Norman Atkinson (Haringey, Tottenham, Lab.)—It is clearly stated in the law that the police have a duty to uphold the law. It is clearly stated in the law that the police have a duty to uphold the law. It is clearly stated in the law that the police have a duty to uphold the law.

Mr. Rees—The Government welcome his support. The Secretary of State is achieving a solution. It matters that all those involved should sit around a table. That is the best way.

On picketing and peaceful picketing, the trade union movement is clearly understood. It is clear from the reports I have had that if there are 1,500 people picketing outside a small entrance then there are bound to be problems. I hope the pickets will listen to Mr. Grunwick—that the best way is peaceful picketing—and then get a solution which the Secretary of State is trying to achieve.

Mr. Laurence Parry (Brent, South, Lab.)—As a frequent eye witness of the last few days, I welcome his statement. There is considerable

sympathy that peaceful pickets and peaceful police are in a rather difficult situation. There may be problems on both sides and we shall look with interest at the reports that are coming.

It comes ill in the mouths of MPs when what is happening is that the Employment Protection Act is being used by lawyers to try to break the Act, and it makes the rule of law argument look a little bit hypocritical when it is called on. The way to solve the conflict is to solve the problem. The sooner they get around the table the better.

Mr. Rees—He is right—the answer is to solve the problem. There is no doubt that the police and the pickets who are genuinely involved do want to reach a settlement. It is possible that there are going to be further arrests and further injuries to both concerned because the nature of the situation at the moment is leading to that.

Mr. John Goss (Barnet, Hendon, North, C.)—An official of the pickets is reported in the press today as having said he hopes that 1,000 pickets will arrive one morning and that this will be an opportunity to request the Home Secretary to use his power to order the Commissioner of Police to close the factory.

Would he confirm whether he has such power, and if he has, will he use an undertaking that he will do so such thing?

Mr. Rees—I have had no such approach. I am not in business for saying what I will do about such matters. The report in the Daily Express this morning was not true.

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Mr. Rees—Mr. Atkinson is interpreting the law in an academic way. Mr. Atkinson—That is the law.

Mr. Rees—I have to deal with the situation on the ground, and give guidance. It is an extremely difficult situation. It is an extremely difficult situation. It is an extremely difficult situation.

"Collusion" is the wrong word. It is clear that the law must be carried out and there is a right to try to persuade those who have a different view.

Mr. James Prior (Opposition spokesman on employment) (Lowestoft, C.)—Is Mr. Rees arguing that a force of pickets six times the strength of the number of people seeking to go to work is necessary to go to work? Is it necessary to go to work? Is it necessary to go to work?

If he is giving guidance, ought he not to give a clear and definite guidance? The pickets of that number are intolerable and an offence against the law? Should he not say that plainly now?

Mr. Rees—The answer is "No". On numbers, I spoke to the police authorities this morning. They said of course, that numbers are a matter of fact and the action is on the ground, but that is not a problem overall to them in interpretation. That is not to say that they do not prefer a smaller number there.

This union, in particular, does not need any guidance. The pickets of that number are intolerable and an offence against the law? Should he not say that plainly now?

Mr. Robert Adley (Christchurch and Lynton, C.)—If a given number at work, representing a majority of those who are at work, do not wish to join a trade union, they should be able to obtain the protection of the law. It is possible now for anybody to be arrested and taken to court by the Government with the possible exception of the Home Secretary will be unbalanced in matters affecting the dispute since various members of the Government, including Cabinet ministers, have participated in the picketing and have been arrested and taken to court.

Mr. Rees—That is for ACAS to sit down between employer and employee to sort out. Both sides have to sit round a table and talk. It is intolerable that there are pickets of that number. It is intolerable that there are pickets of that number. It is intolerable that there are pickets of that number.

Mr. Eddon Griffiths (Bury St Edmunds, C.)—How much reduction in police cover in other areas of London has there been so far? This situation can be contained? Who will pay the extra cost?

Will he reject much more clearly than he did the responsibility of collusion between the Metropolitan Police and the pickets? It is clearly stated in the law that the police have a duty to uphold the law. It is clearly stated in the law that the police have a duty to uphold the law.

Mr. Rees—I have given my view on collusion. There are in the order of 600 pickets ready to be employed if necessary. They are not necessarily at the gates but they are ready to be used. If there are 600 pickets, there are 600 less being deployed.

Mr. Eric Heffer (Liverpool, Walton, Lab.)—If there are 600 pickets, there are 600 less being deployed. It is clearly stated in the law that the police have a duty to uphold the law. It is clearly stated in the law that the police have a duty to uphold the law.

Mr. Rees—The police are protecting the right to work but also the right to picket. The two go together. It is also an understanding of relationships between pickets and police and how cases that surface. We will only get back to that if the numbers are reduced.

Mr. Hugh Fraser (Stafford and Stone, C.)—Would he make clear that it is the duty of the police to see that people should be assisted in the exercise of their right to work? Would he expound more clearly what the guidelines are on peaceful picketing?

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Mr Harold Lever gives EEC advice

Britain had been much better off in the short term through being in the Common Market and her prospects of being better off in the future were immeasurably enhanced because of the new growing European unity cautiously advanced.

This reply to critics of EEC membership was given by Mr. Harold Lever, Chancellor of the Duchy of Lancaster (Manchester, Central, Lab.), during questions about his consultations, as the Government's chief economic spokesman, with the economic ministers of the EEC.

Mr. Timothy Renton (Mid Sussex, C.) asked for his views on the reported intention of the EEC to raise large sums of money on its account in international markets.

If the Government (he said) remained bitterly and openly divided on the question of continuing with EEC membership, what effect will this have on our sharing in this money raised by the EEC?

Mr. Lever—I welcome all constructive achievements of the EEC including the financial one referred to. The Government are certainly not divided on the question of retaining EEC membership. The expression "bitterly and openly divided" is not apposite to the situation.

We will continue to have discussions with the Government, in encouraging all positive achievements to the advantage of this country and the members of the Community.

Mr. Eric Heffer (Liverpool, Walton, Lab.)—Would he undertake, in discussions with the European Council, to ask what positive plans are being brought forward to deal with unemployment? Unemployment in the Common Market is at a high level.

This is a basic fault of the capitalist system which operates in the Common Market. What plans have they to deal with it?

Mr. Lever—The unemployment problem is a world one. The question we have to ask ourselves—all of us in Europe—is how can we make better use of the resources we have in a state of anarchy, unilateral trading or in a cooperative attempt to solve these problems.

Mr. Heffer's concern that we should tackle the problems cooperatively as one of the responsibilities of the European Community.

Mr. Martin Flannery (Sheffield, Hillsborough, Lab.)—When he meets the economic ministers of the EEC will he tell them that we are not prepared to accept the massive groundswell of disillusionment with the EEC now spreading throughout Britain? (Labour cheers.)

Will he ask them to adjust their policies accordingly or to give us some means of getting out?

Mr. Lever—He refers to a massive groundswell of disillusionment. It comes mostly from those who were never disillusioned in the first place. (Laughter.)

Mr. Flannery (Lab.)—In that case, may I send to the Chancellor of the Duchy the last few opinion polls which show that the EEC is not popular? One of the important aims of the Economic Community must be economic convergence.

Mr. Lever—It is right we should all fight. If we can, to increase the amount of economic and financial resources in the world, that is a good thing. The divergence did not commence with the creation of the Community or our arrival in it.

Mr. Lever would be that they should adjust the price that it is no good setting unrealistic targets but that they should not despair, nevertheless, of achieving a common and constructive way.

One of the advantages for Europe from our arrival in the Community is that we have a common market. It is a common market. It is a common market. It is a common market.

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Minister predicts sharp fall in rate of inflation

Single figure inflation as a real prospect for the second quarter of 1977, Mr. Harold Lever, Secretary of State for Prices and Consumer Protection, assured MPs during questions on inflation and the rate of inflation.

He said the year-on-year increase in the RPI was 17.5 per cent in April and 17.1 per cent in May.

This improvement, (he said) was the result of a number of factors, but the most important was the increase registered the previous month and the smallest monthly addition to the RPI for almost a year. Over the six months to May the RPI, excluding seasonal foods, has increased by 9.5 per cent.

Mr. David Price (Eastleigh, C.)—While welcoming the 0.4 per cent drop in the RPI between April and May, the 17.1 per cent increase over the last year means that the cost of living doubles in just over a year. That is a punishing rate of inflation. Until we can get the rate down to something like 3 per cent a year it will not be tolerable.

Mr. Hattersley (Birmingham, Sparkbrook, Lab.)—I agree that what has happened over inflation in the recent past is a record which needs substantial improvement. It is easier to describe what has happened in the past than to predict or make sure something better happens in the future.

I believe something better will happen. It is a matter of the partnership between the unions and the Government, and that is something we shall say again. It comes about as well as it can. That is why we are bringing in a Bill to bring this about.

Mr. Norman Atkinson (Haringey, Tottenham, Lab.)—The rate of inflation he envisages will not happen of its own volition. There

will have to be interventionist policies by the Government. Does he stand by his statement last week that the pound sterling should be allowed to rise to its natural level? Is it that the CAP, about which there is much legitimate criticism, is responsible for about only half per cent?

Mr. Hattersley—Of course I stand by the speech I made last week. Some parts of the speech were trying to draw the attention of the wider public to the fact that decisions in the inflation area are sometimes difficult to take because some of the alternatives are in conflict with economic objectives.

Mr. Giles Shaw (Pudsey, C.)—Would he go a bit further than saying he merely hopes inflation will go down?

Mr. Hattersley—During the late summer and early autumn there will be a year-on-year rise in the year-on-year rate. We will be down to appreciably smaller figures by the end of the year and single figure inflation is a realistic prospect for the second quarter of 1977.

Mr. Ivan Lawrence (Burton, C.)—What will be the effect on the Retail Price Index, excluding seasonal food, over the last three months, expressed as an annual rate?

Mr. Hattersley—Over the last three months, expressed as an annual rate, the increase in the Retail Price Index, excluding seasonal food, was 17.1 per cent. For what it is worth, the increase not including seasonally adjusted foods over the last three months was 15.9 per cent. But I do not regard the three months as a guide to the annual rate. It is a guide to the annual rate.

Mr. Lawrence—Will he make it clear to left wing Labour MPs that the appalling increase in the RPI in the last three months is not as a

consequence of Britain being member of the EEC?

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State sector should set an example on prices

He had had no recent representations about introducing a general price freeze, Mr. Roy Hattersley, Secretary of State for Prices and Consumer Protection, said.

Mr. Hattersley (Birmingham, Sparkbrook, Lab.)—I agree that what has happened over inflation in the recent past is a record which needs substantial improvement. It is easier to describe what has happened in the past than to predict or make sure something better happens in the future.

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dy, however, the marriage raised the question of the relationship with the United Kingdom a tender part of psyche.

posed on Peter William Webb, aged 18, of Spackmans Way, Chalvey, near Slough, Buckinghamshire, at Reading Crown Court on November 10.

used a former detective inspector, Avondale Avenue, Hinchley Wood, Surrey, who have pleaded not guilty variously to 13 charges of corruption.

The association, a voluntary organization that seeks to preserve the countryside and defend rights of public access,

Ministry of Agriculture grants for the improvement of open country in Exmoor.

"The public funds thus released could be redirected through the National Park Foundation as a requirement before any activity is undertaken to remove the land from the definition of open country.

"Planning authorities should then make plans in their own

Student rebates

being made to deal as rapidly as possible with the backlog of correspondence. We apologize to students concerned for this delay.

therefore, it has arisen from a misunderstanding." Signor Mario Scelba, a former Italian Prime Minister, said in reply to Mr Reid, after noting that Mr Dalyell had apologized for the statements attributed to him: "I assure you that such remarks did not make any sense."

the Scottish problem, the terms of which are unknown to me". Mr Joop den Uyl, Prime Minister of Holland, and Mr Laurens Brinkhorst, State Secretary, had been quoted by Mr Dalyell as saying that the Scots could do as they pleased, but The Netherlands would not.



Business _____

ed. for the statements attributed to him: "I assure you I not only did not make statements attributed to me, but I have not been discussing them with my colleagues."

Rank X = ... Y = ...

RANK XEROX

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WEST EUROPE

EEC official's apology for strictures on Britain's food policy

From Michael Hornsby
Luxembourg, June 20

Mr Finn Olav Gundelach, the EC Commissioner for agriculture, apologized here today to John Silkin, his opposite number in the British Cabinet, for having suggested that the British minister in support of a policy of national self-sufficiency in food contravened EEC legislation.

Commenting ironically on Mr Gundelach's apology Mr Silkin said: "I am relieved to hear that my speeches do not have to be vetted by the European Commission." He considered that the matter was now closed in that it had not been trivial, and raised an important point of principle.

The contretemps was caused by a letter from Mr Gundelach last week which suggested that British policy ran counter to an EEC directive, dating from 1968, forbidding measures that encourage, require, or give preference to the purchase of domestic products only.

What particularly struck in British circles, however, was the further observation in the letter that while public speeches by ministers might not legally fall within the scope of this directive, they were of concern to the Commission as being indicative of a consistent line of government policy.

Mr Gundelach claimed here tonight that he had signed the offending letter without realizing it properly because he had assumed it to be a routine

communication of administrative matters. He regretted the tone in which it had been couched, and particularly the suggestion that British policy was in any way "illegal".

Nonetheless, Mr Gundelach took issue with Mr Silkin over the issue of self-sufficiency. The Commissioner said that this was not a policy which showed "a healthy Community spirit" and while he was sorry about the letter there were "limits to my regrets".

Earlier, Mr Silkin had told journalists that he considered the objective of self-sufficiency to be a perfectly proper one for Britain to pursue and wholly compatible with the EEC's common agricultural policy. He also pointed out that it had been a British objective since the publication in early 1975 of the Government's White Paper *Food From Our Own Resources*.

In his reply to Mr Gundelach he had "explained to him what the position is in our country", and he hoped that that would be the end of the matter.

The main item on the agenda of today's meeting of ministers of agriculture was a discussion on a proposal which would give the European Commission the power to make selective reductions in the border taxes and subsidies applied in EEC farm trade in beef, pigmeat and cereals, subject only to the approval by majority vote of the relevant management committee.

The proposal is not expected to get very far.

Basques deny reported death of hostage

From Harry Debelius
Madrid, June 20

The police scoured the forested mountains near the Basque city of Vitoria today searching for the body of a kidnapped industrialist believed to have been murdered by his kidnapers.

A Bilbao radio station had received a letter, purportedly from a rogue squad of the Basque separatist organization E.T.C., saying that the kidnapped man, Señor Javier de Ybarra, had been killed on Saturday afternoon, after the deadline set for payment of the ransom had run out.

The letter, which did not bear the seal of E.T.C., was left in the doorway of a block of flats in Bilbao. An anonymous telephone caller told reporters at the Roman Catholic radio station, Radio Popular, where to find it.

Doubt was cast on the authenticity of the death report late today, when a Basque newspaper office and the Ybarra family received anonymous

telephone calls in which they were told by a male voice that the message delivered to Radio Popular was false.

Señor de Ybarra, father of 11, an employee of the Spanish subsidiary of Babcock & Wilcox, was abducted from his home on the outskirts of Bilbao a month ago. His kidnapers reportedly asked for 1,000,000 pesetas (more than £8m) at first.

Basque sources said that, after secret negotiations, his family had deposited 250m pesetas with a Swiss bank as ransom.

Uncertain whether the latest communication was a hoax, a large number of Basque police forces moved into the area where the note said that the body would be found.

The letter said that Señor Ybarra's body would be found wrapped in a sheet of grey plastic and covered with branches next to a forest trail near the Basque town of Vitoria and Bilbao.



President Giscard d'Estaing greets President Brezhnev, arriving for a three-day state visit to France.

Mr Brezhnev revives French link

From Charles Hargrove
Paris, June 20

Mr Brezhnev, the new Soviet head of state, arrived in Paris this morning for a low-key and brief state visit, in which an unusual amount of time will be spent on talks with President Giscard d'Estaing.

Mr Brezhnev will stay at Rambouillet, making only brief public appearances in Paris, including a call on Mr Jacques Chirac, the Mayor of Paris, which had not originally been scheduled.

Both heads of state attach great importance to the visit and to its timing. But the reputation of the Soviet Union is at present rather low in French public opinion, owing to the impact of Soviet dissidents.

It was thought preferable, therefore, to limit the risk of hostile demonstrations in the capital. These have been banned but have taken place anyway. On Saturday night 160 people were held for questioning after a violent demonstration by extreme right-wing organizations on the Champs Elysees.

The Soviet security authorities informed the French of a

possible attempt on the life of the Soviet President by a sharpshooter, and 3,000 gendarmes and police are guarding the chateau and park of Rambouillet during the visit.

Greeting Mr Brezhnev at the airport, Mr Giscard d'Estaing said: "I wish to emphasize the attachment of France to the policy of détente. We do not ignore the difference in our conceptions, or our regard for the principles which are ours, but we know the only alternative is confrontation and the destruction of our peoples."

Only France and the Soviet Union could give détente a seal of authenticity, he said. In a sense, however, the fact of the visit is more important than the agreements that will emerge from it. The text of the talks is already worked out, barring a few details and may take the concept a little further by extending it to Africa and other parts of the world and by getting away slightly from the Soviet concept of a mere consolidation of the status quo.

But what matters is that Mr Brezhnev has chosen France rather than West Germany or the United States for his first visit since 1974 to a western

country, apart from the Helsinki conference.

Soviet distrust of M Giscard d'Estaing's "American sympathies, and the unsatisfactory results of the French President's visit to Moscow in 1975, have given way to a new honeymoon—perhaps because of the deterioration of Soviet relations with the United States since the Carter Administration took office.

The support of France for his policy of détente at such a juncture is important for Mr Brezhnev. So is Soviet support for a French conception of nuclear non-proliferation that does not discriminate, provided there are safeguards, against peaceful uses.

The visit of Mr Brezhnev is also for M Giscard d'Estaing an indirect political guarantee. It confirms the impression that Russia is not anxious to see the left come to power in France next March. In the difficult economic and social context this could upset the status quo in Western Europe.

For the first time on a visit to France, the Soviet leader will not meet M Marchais, the Secretary-General of the French Communist Party.

Italy facing threat of police death squads

From Patricia Clough
Rome, June 20

The danger of South American-type "death squads" bent on personal revenge against left-wing terrorists arose in Italy for the first time today.

An anonymous letter sent to Ansa, the Italian news agency, announced the formation "all over Italy" of combat units of the "armed criminals of the communist revolution".

It said the squads were being formed on the lines of those "which in Brazil wiped out political and common crime within a short time". For every victim of left-wing groups, it said, relatives of known guerrillas would be murdered.

The letter, headed by a skull and crossbones, ended with the slogan: "An eye for an eye and a tooth for a tooth."

So far police and carabinieri have been level-headed in their reaction to terrorism and the deaths of their colleagues. The police force, which is restricted to the bigger towns, is pressing for its own reform at better training to deal with modern criminals, though there have been some demands for revenge and, in moments of great stress, some students have been beaten up. The carabinieri, an armed force which does police duty all over the country, is regarded as more disciplined and better run. It has shown no outward signs of strain.

Police and carabinieri with machine guns and bullet-proof jackets were today guarding big factories and warehouses in the Milan area after extremist groups had turned their hands to arson.

Yesterday youths disguised as police set fire to two large warehouses belonging to Siemens, Italy's biggest telecommunications firm, and Magneti Marelli, an electrical company owned mainly by Fiat.

Eighteen new cars were destroyed or damaged by arson in a Fiat showroom in Prato, near Florence.

Responsibility for the fires and, indirectly, the attack on the foreman, was later claimed by a group calling itself the "Communist Front Line Organization", which said its aim was to break up the "capitalist machine".

Princess Christina

gives birth to son

Stockholm, June 20—Princess Christina of Sweden, aged 33, the sister of King Carl Gustaf, today gave birth to a second son by caesarian section, the Swedish Court announced. Her first son was also delivered by caesarian. Queen Silvia of Sweden is expecting her first child in mid-July.—Reuters.

Britain turns down call to pay more in Europe

From Michael Hornsby
Luxembourg, June 20

Mr Denis Healey, the Chancellor, turned down a call today that British proposals for calculating contributions to the EEC budget from next January were unacceptable because they would cost Britain an extra £470m over the next two years.

The Chancellor told other EEC finance ministers, who were holding a regular monthly meeting here, that Britain could not agree to any formula for calculating the budget which was not "financially neutral".

Unless resolved, the dispute will block the introduction from next January 1 of a new and more realistic unit of account as the basis for calculating the EEC budget.

At present sterling has a value of 2.4 units of account for EEC budgetary purposes, whereas it would be worth only about 1.5 of the new units, which would reflect the current market rates of

national currencies. The new unit is already used for other purposes, such as aid to developing countries.

Mr Healey said Britain wanted to see the new accounting system introduced next year, but only if it guaranteed a gradual increase in British contributions to the EEC budget during the two transitional years of 1978 and 1979, leading up to Britain's full integration into the Community's self-financing system in 1980.

Under the interpretation of the European Commission, which Britain accepts, the British share of next year's budget would be 14.1 per cent, but on the French and German view this share would jump to 12.2 per cent, which would allow for the lower value of sterling when translated into the new unit of account.

French politicians become aware of the Jewish voters' increasing strength

By William Frankel

During the French municipal elections last March, M Jacques Chirac, the Gaullist leader, was to be seen wearing a kashmir and eating in a Paris kosher restaurant.

This type of campaigning, more reminiscent of New York than Paris, was not unexpected with a public opinion poll which showed that the Jewish population of France numbered 700,000, almost 50 per cent more than the previously accepted figure.

With the parliamentary elections due next March, the political leaders have suddenly become aware that because of their concentration in the Paris area, the Jewish vote—particularly in Paris—could be decisive in a close race.

So, in an effort to relieve the strain between the Government and the Jewish community, President Giscard d'Estaing, only a few weeks ago, entertained at lunch (kosher) the leaders of French Jewry. They included its spiritual and lay heads, Chief Rabbi Jacob Kaplan and Baron Guy de Rothschild.

Until now, French governments have felt free to ignore Jewish opinion in their pro-Arab stance which began with the 1967 Six Day War. Piqued by Israel's rejection of his advice, Giscard d'Estaing turned not only on the Jewish state but on the whole of Jewry, which he described as a "dominating elite".

His successor, President Pompidou, antagonized Jews even further with his attitude of disdain towards them and their concern for Israel's interests. Until his election problems

intervened, the present President seemed to be following the same line, most recently in the case of Mr Abu Dahoud, the Palestinian terrorist leader who was flown to freedom shortly after he was arrested by French police.

The Jewish community in France is the largest in Europe and the only one which has grown since the end of the Second World War. Hitler reduced the Jewish population of Europe (excluding Russia) from about seven million to 1,500,000. At the end of the war there were about 250,000 in France, but their numbers rose considerably with the immigration of Jews from Algeria and Tunisia when those countries became independent.

The old-established Jews preferred to present a low profile while the newcomers were much more assertive in the economic and political arena. But both these situations have now changed.

An indication of this was contained in a recent issue of the monthly journal of the Jewish community, *L'Arché*. An editorial commented on Jewish voters' determination to show their interest in the ballot box in particular their desire for more balanced French policy in the Middle East.

The question facing French Jewry now is which party should give their political support. Neither Gaullism, no longer the left wing, is particularly attractive on present policies. But, as the parliamentary elections draw closer and the Jewish vote is courted, the combination might provide the catalyst for a reevaluation of Middle East policies.

Medical experts discuss suicide rate

Helsinki, June 20—Medical, social and theological experts are to spend three days discussing suicide at a meeting here.

More than 1,000 delegates from 40 countries to the ninth international congress on suicide prevention, which opens tomorrow, will discuss the theme "self-destruction in a changing world". In a three-day period as many as 30,000 people throughout the world attempt suicide, according to official statistics.

Analysis of the problem will focus on several alarming trends, such as the increasing suicide rate among women and children and so-called "indirect self-destruction" committed through smoking or

failure to seek treatment for serious illnesses.

The first subject tomorrow will be suicide in Scandinavia where the reported rate is among the highest in the world.

Professor Norman Farberow, of the United States, president of the International Federation for Suicide Prevention, has said that the meeting provides an opportunity "to explore feelings and attitudes towards self-destruction in a part of the world most noted for its advanced social concern and assumption of responsibility for its citizens".

The second day will be devoted to new approaches in what is called crisis intervention: ways of spotting the con-

scious or unconscious cry for help from a potential suicide victim before it is too late. On Thursday the experts will investigate perhaps the saddest problem facing the congress, that of suicide among children.

Professor Nabil Achte, of Finland, the congress president, said there is no universal profile of a would-be suicide, but the most highly exposed individual appears to be the lonely middle-aged man with depressive tendencies.

The suicide rate among men was once four times that among women, but the women are now catching up. The experts believe this may be due to increasing strain as they achieve greater equality with men.—Reuters.

Kidnappers of Fiat man advertise

Paris, June 20—A full-page advertisement from the group holding the kidnapped Italian Communist Party leader, appeared today in *Le Monde* and *France-Soir*.

The ad made no reference to the kidnapping 63 days ago, but was addressed to "European, North American and Japanese workers... and to our people of the Third World".

Saying that the world the group would create would be "neither old, nor new, but for the workers", it declared: "Our power, the power of the workers, will assure the defeat of the bosses."

In a previous statement, the group claimed that Fiat had built its riches on exploitation of its workers.

The appeal is based on the fact that the group, the self-styled Committee for Revolutionary Socialist Unity sent a letter to Paris newspapers threatening to kill Signor Revelli-Baumont, unless it received 53m (£17.5m) but the size of the ransom was later reduced.

Last week a friend of the Revelli-Baumont family, Signor Arista, a former Dominican minister, was charged with the abduction, after apparently acting as mediator between the family and the kidnappers.

After the arrest of Signor Arista, M Pierre Ottolavio, the head of the Paris crime squad told reporters that there was no longer any ransom deadline. He had proof that Signor Revelli-Baumont had been alive on Tuesday.

The deadline for the ransom has been postponed four times by the kidnappers, amid speculation that Fiat was involved in some kind of negotiations, despite public statements to the contrary.—Reuters.

Berlinguer brother attacks party's 'change of class'

From Our Own Correspondent
Rome, June 20

Two relatives of Signor Enrico Berlinguer, the Italian Communist Party leader, have criticized the party and its intellectuals in the party's press.

One critic is Signor Berlinguer's younger brother, Giovanni, a professor of social medicine. Communist Deputy and member of the party's central committee. The other is his cousin, Signor Luigi Berlinguer, a law professor, also a Communist and a former Deputy.

Professor Giovanni Berlinguer has expressed "deep concern" in the Communist review, *Rinascita*, that while more workers and farmers are joining the party, fewer are becoming party officials and leaders. Professional people, students and workers are replacing over an increasing proportion of the leadership, he says.

This development brings a "risk of a change in the

party's class identity and this, in turn, could affect our members and even our political line", he wrote.

"While we want the characteristics of the working class (severity, a down-to-earth approach and solidarity) to penetrate the whole fabric of Italian society and habits, there is the risk that these will fade in our ranks."

The Berlinguer family are well-to-do Sardinian landowners of aristocratic origins.

Professor Luigi Berlinguer sharply criticized university professors, including left wingers, who draw their salaries but rarely turn up for lectures.

Writing in the party organ *L'Unità*, he accused the party of considering it natural that a professor should neglect his duties in favour of his political or public commitments. Professor Berlinguer suggested that Communist professors should set an example to the others.

Newspaper to print after 5-month dispute

From Our Correspondent
Copenhagen, June 20

Printing staff arrived at the Berlingske Tidende works today to prepare the first copy of the newspaper to appear for almost five months after one of the longest work stoppages in Danish labour history.

A month ago the printing staff voted to accept an agreement reached between unions and management, but further delays caused by disputed interpretations of the agreement prolonged the stoppage.

The latest bargaining reduced the number of printers to be laid off from the 250 proposed on May 23 to 192 now and 50 at the end of this year.

Brigadier imprisoned for spying lodges appeal

From Our Correspondent
Geneva, June 20

Lawyers for Brigadier Jean-Louis Jeammaire, who was sentenced to 18 years' imprisonment by a Lausanne military court on Friday for passing secret information to the Russians, have lodged an appeal.

The appeal is based on the contention that some of the acts of which Brigadier Jeammaire was accused should have come under the statute of limitation. In addition, the lawyers maintain that the sentence was

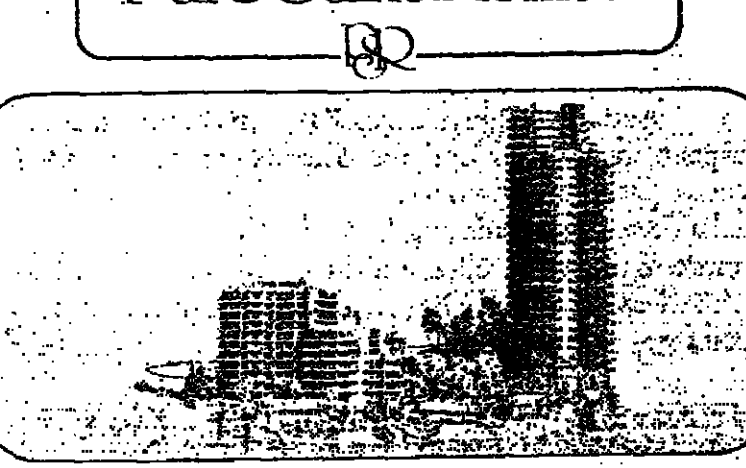
arbitrary and excessive. The maximum penalty on the charges was 20 years' imprisonment, and the prosecution had asked for 12.

The Federal Justice Department said today that legal proceedings under Article 301 of the Swiss penal code, relating to gathering of military intelligence on Swiss territory for a foreign country to the prejudice of another state, are being taken against a Swiss national who was detained briefly in mid-May.

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Capital Bonds		
2 Year Capital Bonds (£500-£15,000*)	7.20%	11.08%
1% above Ordinary Share Account rate		
3 Year Capital Bonds (£500-£15,000*)	7.70%	11.85%
1% above Ordinary Share Account rate		
4 Year Capital Bonds (£500-£15,000*)	7.70%	11.85%
1% above Ordinary Share Account rate		
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OVERSEAS

Owen will return to southern Africa when proposals for Rhodesia independence are ready

id Spanier
the Correspondent
the Foreign Secre-
tary expects to return to
Africa this summer to
his efforts to obtain
in Rhodesia. "I
as soon as it is possible
an independent
ve," he said yesterday.
package of proposals
was presented, would
be full support of the
and United States Gov-
s. Dr. Owen, who
of the Commonwealth
in London. Any
in southern Africa
in the way of a
or then, on the broad
proposed, would have
every responsibility for
the stability of the area
y view the next few
determine possibly
Africa for decades to
Dr. Owen said. The
negotiated settlement
ahead, "despite every
or despite every
accident, despite every
Government, despite
either knocks the
initiative or attempts to
its values".
g as he was respon-

sible as the overall chairman,
he would pursue the Anglo-
American initiative, the
Foreign Secretary continued.
He believed there was a pos-
sibility of a negotiated settle-
ment. "I don't pretend that
the odds are great but in the
next few weeks, and it is now
a matter of weeks, we will have
to produce as firm a proposal
as we can."

in a combatant role would,
I think, be unacceptable to
everyone."

New York.—The United
Nations Security Council today
rejected a resolution, probably until
Wednesday, on a request by
Mozambique for an urgent meet-
ing on alleged incursions by
Rhodesian troops, council
sources said.

They said the council was
awaiting the arrival of an em-
bassy from Maputo and Mr. José
Carlos Lobo, Mozambique's
permanent United Nations
representative, who has been
away from New York.

Mr. Secord, President
Machel of Mozambique accused
Rhodesia of "open aggression
and actions which assume the
proportions of an invasion".
Rhodesia today de-
scribed the "Machel" resolu-
tion as "a blatant lie" and
said it was "a gross misrepresen-
tation of the facts".

From a Rhodesian aircraft
flying over the border area to-
day, journalists could see that
roads around the hilltop village
of Espungabera were deserted.
No troop concentrations could
be seen on the Mozambique side
of the border.—Reuter.

Criticism of in rule roved by ice

Prince of Wales last
week's approval of
President Jimmy Carter
at last week's
conference in
he had delivered a
ure on the role of the
our at the Royal Com-
on Society in London.
was asked whether
ided the passage on
gists in last Wednes-
day's communiqué.
think a lot of what was
the conference was
o be applauded," he
"I myself feel very
about the abuse of
his that exists in some
of the world into
nce's talk, which ran
inutes less than the
5 minutes, was given
y and charm to some
nonwealth diplomats,
whisenmen and ac-
quired by the society's
need Focus group.
possible develop-
ment of the Common-
wealth, the Prince
The younger genera-
tion feel it represented
nostalgia for the past,
irrelevant. It might
be stated at the Com-
on's inability to do
about its members'
not believe that the
south would continue
assault efforts to cul-
pport and interest
among the young
ice concluded by ex-
his conviction that
overseas's multiracial
be an antidote to
of the world into

Afrikaans writer faces jail escape charges

From Nicholas Ashford
Johannesburg, June 20

Mr. Breyten Breytenbach, the
Afrikaans writer who is serv-
ing a nine-year sentence under
the Terrorism Act, today
pleaded not guilty to 17 fur-
ther charges under the Ter-
rorism Act, the Prisons Act
and the Riotous Assemblies
Act.

Mr. Breytenbach appeared in
the Pretoria Supreme Court
before Mr. Justice Boshoff,
who is acting Judge President
of the Transvaal. The case was
adjourned until Thursday at
the request of Mr. Breyten-
bach's counsel to enable the
defence to study 184 tape-
recordings of conversations Mr.
Breytenbach allegedly had with
a prison warden in Pretoria
central prison, where he has
been held since being sen-
tenced in November, 1975.

The main charge against Mr.
Breytenbach is that between
April 17 and October 13, 1975,
he furnished the members of
the Afrikaner Bond, a banned
African National Congress (ANC)
group, with information and
advice to overthrow the South
African Government by force. He
is also accused of persuading Mr.
Pieter Groenewald, a prison
warden, to join the Afrikaner
Bond, to join the ANC, and
planning to escape from Pretoria
prison and of ordering to
Mr. Groenewald proposals for a
campaign of urban guerrilla
warfare in South Africa.

The state's star witness will
be the South African Communist
Party and the ANC, military
wing, Umkhonto We Sizwe
(Spear of the Nation) alleged-
ly conspired with 47 other
people to commit sabotage,
military training, arms smug-
gling and to distribute subver-
sive propaganda. All 12 have
pleaded not guilty.

versations had been recorded
and would be used as evidence.
According to the prosecutor,
Mr. Groenewald had numerous
conversations with Mr. Breyten-
bach and carried letters and
other documents for him
which were addressed to
members of the Afrikaner Bond.
Mr. Breytenbach had later
told Mr. Groenewald of his
escape plans in full, had sol-
icited his help and asked him
to make arrangements for him to
travel first to Botswana and
then to an overseas country.

Mr. Breytenbach, it is
alleged, asked Mr. Groenewald
to deliver a letter to another
prominent Afrikaans writer,
Mr. Andre Brink, requesting a
£200 loan. He intended to use
this money to buy a gas pistol
to use during his escape.

Mr. Breytenbach is also
alleged to have instructed the
warden to deliver a letter to
the members of the Afrikaner
Bond, to overthrow the South
African Government by force. He
is also accused of persuading Mr.
Pieter Groenewald, a prison
warden, to join the Afrikaner
Bond, to join the ANC, and
planning to escape from Pretoria
prison and of ordering to
Mr. Groenewald proposals for a
campaign of urban guerrilla
warfare in South Africa.



Space view of the Rockies: This striking
view of the Rocky Mountain Trench,
British Columbia, from a height of 560
miles, is from a new book of images trans-
mitted by the National Aeronautics and
Space Administration's Landsat earth
resources satellite. It shows an area
measuring about 115 miles by 115
miles. The Fraser River bisects the
picture. It flows into Moose Lake

(bottom right) just west of Jasper,
Alberta, which is off the image. The valley
occupied by the Fraser River is a small
part of the trench, a great fault zone over
1,500 miles long, that extends from Alaska
to Montana. The book, *Mission to Earth:
Landsat Views the World*, which contains
some 400 images, is published by the
United States Government Printing Office,
Washington. Price \$14.

Bubble bath of words in Belgrade

From Richard Davy
and Daria Trevisan
Belgrade, June 20

The 35-nation meeting here
which is preparing for the
review of the Helsinki agree-
ment in the autumn, is now
sinking comfortably into a
bubble bath of words, where it
is likely to remain submerged
for several weeks.

Most differences in
phrasing, discussed anxiously
in the corridors, establish a
fairly wide range of positions.
The Russians want a
portmanteau agenda for the
autumn meeting, consisting of
little more than one item which
would enable anyone to ask
about or avoid anything. The
European Community and the
Americans want a carefully
itemized agenda which will en-
sure a full exchange of views
on implementation.

It can be inferred that the
Russians want to avoid any
public sessions whatever in the
view, say they agree with
reference of work to commit-
tees. They wanted a brief,
closed plenary session with
minimal opportunity for declam-
atory speeches, detailed scrutiny
of the record, or elaborate new
proposals.

The West will not agree to
this, nor will the neutral and
non-aligned countries.
The neutrals and non-aligned
countries had a meeting today
at which they discussed a
possible compromise which
would lump together implemen-
tation and forward-looking pro-
posals in one agenda item but
mention them separately and
propose an "organic flow"
from one to the other. A draft
is not expected to be ready
until Wednesday.

The Romanians, taking a
characteristically independent
view, say they agree with
separate agenda items but do
not like the word "review".
because it is retrospective.
They want full opportunity to
present new proposals, of
which they have plenty on their
sleeves.

Like the Russians, they are
not keen on having their
record on human rights scruti-
nized but they will not align
themselves fully with the
Russian approach either.

The Russians today showed
coolness towards the obligation
to discuss further follow-up
meetings, which presumably
reflects their unhappiness with
the way things have gone since
Helsinki, although the con-
ference was originally their
idea.

Agreement closer on Atlantic air services

By Arthur Reed
Air Correspondent

Continued progress was made
by British and United States
Government officials towards a
new Bermuda north Atlantic air
services agreement in London
yesterday.

The existing agreement
expires not at midnight tonight,
lawyers discovered, but mid-
night tomorrow, giving negotia-
tors more time. It was cancelled
by Britain on the grounds that
it favoured American airlines.

The main point at issue, as
the negotiators have met in
continuous daily sessions over
the past few days, has been the
number of seats which each
airline should offer.

Each side has threatened to
block the other's air services
if a new agreement is not
reached by midnight tonight.
British Airways carried large
display advertisements in most
London daily newspapers yester-
day promising to get pas-
sengers to the United States if
the agreement was not renewed.

They gave a list of 12 daily
flights which, instead of going
to United States cities, would
divert to Montreal, Toronto or
Nassau.

Pan American were under-
stood to have advertisements
ready, but were delaying publi-
cation as long as possible to
avoid confusing passengers.

Trans World said that they
had no plans to advertise,
intending to inform passengers
of changes in schedules through
their reservations staff.

Mr Beigin fails to win Yadin party support

From Moshe Brilliant
Tel Aviv, June 20

Mr Beigin, the Israeli Prime
Minister, and his coalition
Cabinet assumed power today,
ending 29 years of Labour
Party rule.

The reformist Democratic
Movement for Change (DMC),
which had negotiated success-
fully to join the coalition,
announced it would vote with
the opposition in a vote of con-
fidence later tonight. But Mr
Beigin, who is still holding
three portfolios open for the
party, is assured of a small
majority.

"Should this plea meet with
refusal, we shall take note of
the Arab intransigence," he
said.

Mr Beigin spoke of deepening
friendship with the United
States and said he was
interested in normalization of
relations with the Soviet Union
if Moscow took the initiative.
But he said Israel would lay
down conditions, including the
release of more Zionist
prisoners and permission for
all Jews wishing to come to
Israel to do so.

Professor Yigal Yadin, the
DMC leader, said Mr Beigin,
had indicated that the elec-
torate had voted against territorial
compromise. Professor Yadin
said this was not true and
there was evidence that Mr
Beigin's own party was willing
to compromise in order to
achieve a true peace.

Mr Peres said Mr Beigin had
rejected the DMC as coalition
partners because he feared they
would soften his foreign policy.
He said Mr Beigin had been
willing to allow the Liberal
Party within the Likud
alliance to have its way in
economic matters and he would
make far-reaching concessions
to the religious parties so
long as they gave him a free
hand with national policy.

He said Mr Beigin's hard
line would lose support abroad,
the economic programme would
cause unemployment, and con-
cessions to the National
Religious Party, such as non-
recognition of conversions to
Judaism by reformed rabbis,
would lead to a confrontation
with Jews abroad.

Watergate prosecutor closes his office

From Patrick Brogan
Washington, June 20

The Watergate Special Pro-
secutor's office is closing down
this week. Its files have been
packed and are being shipped
off to the archives. Its staff is
dispersing and Mr Charles
Ruff, the prosecutor, is van-
ishing into the Department of
Health, Education and Welfare.

He is the fourth prosecutor.
The others, in chronological
and descending order, were
Professor Archibald Cox, Mr
Leon Jaworski and Mr Henry
Rush.

It is not altogether a co-
incidence that the last two
Watergate criminals, Mr John
Mitchell and Mr H. R. Hald-
eman (who also served the most
senior government officials
prosecuted during the affair),
go to prison on Wednesday. It
is a coincidence that the office
is being wound up almost
exactly five years after the
event that started it all, the
Watergate burglary on June 17,
1972.

Mr Ruff gave an interview to
Bob Woodward of *The Wash-
ington Post* (a reporter who
himself played a considerable
role in the early months of the
case), in which he said, "I am
going to try to get these damn
bones packed as fast as I can
and get the hell out of here. I
am, for the record, sick of it.
I look forward to leaving this
office."

Mr Ruff's last court appear-
ances concerned the committal
of Mr Mitchell and Mr Halde-
man to prison.

At its height, the Watergate
Special Prosecutor's office was
one of the most important
branches of Government and,
when President Nixon sacked
Professor Cox and closed it in
October, 1973, there was such
protest that the President had
to withdraw. That was when he
finally lost control of the affair.
That was also the event which
led the start of impeachment
proceedings in Congress.

The office did not find all
the answers to the Watergate
mysteries. It did not discover,
for example, who erased 10 and
a half minutes from one of the
Watergate tapes. It lost several
of its files in the confusion.
It fulfilled its main objective,
however, clearing up the
Watergate affair itself, and thus
contributed so much to purg-
ing the American political
system that Mr Ruff leaves
office convinced that there is
no need for a permanent special
prosecutor to check on the
Government. The Justice
Department can do that, he says.

Black Sea find
Moscow, June 20.—Soviet
fishermen in the Black Sea have
raised an anchor believed to
have belonged to the British
ship Black Prince, which sank
in a storm in 1854.

Storm kills three
Madrid, June 20.—Three
people were killed and one was
seriously injured near La Fel-
guera, in Asturias, during a
violent thunderstorm, the police
said yesterday.



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We are looking for a lady who is motivated, energetic and has a good sense of direction.</p> <p>PATHFINDERS £29 3132</p> <p>32 Maddox St., W.1. (1 min. Oxford Circus tube)</p> <p>OF INTEREST TO BORED SECRETARIES OR GRADUATES</p> <p>Join youthful happy office in the City to research the information for high speed, accuracy and the ability to handle a wide variety of assignments. Salary and excellent conditions of employment. In-25% discount on personal purchases, subsidised facilities, weeks holiday per annum, pension and BUPA schemes.</p> <p>EARN UP TO £3,500 IN CHELSEA AREA</p> <p>Interesting post for experienced Secretary with a local office in the Chelsea area. The successful applicant will have secretarial and administrative experience in the financial or insurance fields. Salary and excellent conditions of employment. 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More appointments on page 25

OVERSEAS

Cubans played important part in suppressing Angola uprising started by purged MPLA leaders

From Michael T. Kaufman
New York, June 20

Despite a news blackout imposed by the Angolan Government it is becoming evident that an attempted coup in Luanda last month was a serious uprising which involved army units, left many dead and disrupted the precarious unity of the ruling Popular Movement for the Liberation of Angola (MPLA).

From the scripts of monitored radio broadcasts it appears that Cuban units played an important role in suppressing a challenge to President Neto on May 27, when the insurgents were able to seize the government radio, free political prisoners and suppress a revolt from an armoured brigade.

The uprising came as the MPLA, with the help of the thousands of Cuban troops, was seeking to contain nationalist guerrillas fighting a two-year bush war.

Within days, President Neto repeatedly reported that many leading political figures had been killed by the rebels, including the Ministers of Finance, several command officers of the army and at least six members of the party's central committee.

For several days after the uprising the radio urged Angolans to join the search for the two men identified as leaders of the attempt, Mr Nito Alves and Mr José van Dunen. Both men had been purged from the central committee just before the revolt and were apparently freed from prison by the insurgents. Although the President

has insisted that they be captured there has been no official word of their arrests.

There are rumours, which cannot be confirmed, that Mr Alves, a highly competent military commander during the civil war, has with Mr van Dunen joined forces with Dr Jonas Savimbi, President Neto's chief nationalist rival, whose National Union for the Total Independence of Angola (Unita) is waging a guerrilla campaign against the Government.

Reconstructed from the monitored broadcasts and from agency dispatches filed by French and Yugoslav correspondents in Luanda, the roots of last month's trouble lay in the dismissal of Mr Alves and Mr van Dunen from the central committee.

On May 26, a leading article in the party newspaper praised the President for purging the two men, alleging that they had been acting as "disguised lackeys of imperialism" and "saboteurs of the revolution". Little is known of Mr van Dunen, but Mr Alves was a prominent military leader of the MPLA forces who has had close ties with the Soviet Union, which he is known to have visited recently.

On the other hand, there have been reports for months that Mr Alves and the wing of the movement he represented were less than delighted with the continuing presence of Cuban soldiers. These reports said he believed that reliance on Cubans inhibited development of Angolan nationalism and self-esteem.

On the night before the coup was attempted, Mr Lucio Lara, the general secretary of the MPLA, spoke on the state radio and accused Mr Alves of developing secret methods for taking power. He said the purged leaders had tried to destroy the permanent friendship between the MPLA and the Soviet Union.

At 3 am on May 27, fighting broke out in Luanda, and a group of rebels took over the radio station. At 7.30 am, an unidentified speaker said the station was in the hands of the action committee of the MPLA.

Meanwhile, another group was attacking Sao Paulo prison, where Mr van Dunen and perhaps Mr Alves were being held. By shortly after 8 am, the prison had been captured and many prisoners freed.

The news was announced by the insurgent-held radio. "Liberty for comrade van Dunen, death to the reactionaries," a speaker claimed. For the next two or three hours, a number of speakers including "my comrades" shouted slogans and exhorted Angolans to rally to the presidential palace.

At 10.20, a song was suddenly interrupted. According to the Agency France-Press correspondent in Luanda, the station was recaptured by pro-Government forces, backed by Cubans. At 10.45, the radio announced: "Forces faithful to comrade President agostinho Neto again control our station. Long live comrade Agostinho Neto."

US support for world food security

Manila, June 20.—The United States today supported the establishment of a world food security system involving nationally held reserve stocks and said that food must be the subject of international co-operation and not be regarded as a weapon dividing nations.

Mr Bergland, the United States Secretary of Agriculture, outlined the United States position on the setting up of a food reserve system on the first day of the five-day ministerial meeting in Manila of the World Food Council.

Earlier, President Marcos of the Philippines had called for urgent international action, including the establishment of a world grain reserve system, but said that assistance to the poor nations must not make mendicants of them.

Mr Bergland said his Government hoped that the International Wheat Council "soon can lay the foundation for negotiations of an agreement which would include a coordinated system of nationally held reserve stocks".

A world food security system should include a reserve stock mechanism designed to reduce wide fluctuations in market prices. The United States was willing to consider price indicators to set off reserve actions.

The United States would continue to make contributions to agricultural development programmes. Final congressional action was being awaited on a United States bilateral aid programme calling for more than \$700m (more than £411m) in food and agricultural development programmes.

The United States also planned to contribute \$800m a year from 1978 through 1980 to the World Bank's International Development Association.

Mr Bergland emphasized, however, that external assistance and international co-operation could be effective only in combination with commitment and investments by the developing countries. Food security was not the sole obligation of the United States or a few nations, it must be shared.

Mr Bergland said that the United States would continue to contribute up to 12,000 tons to the international emergency food reserve.

national Development Association. 30 per cent of which would be on a concessional basis for food and agricultural projects in most needy countries.

The United States was seeking to improve the world food aid programmes and would try to maintain its total level of food aid at a fair share of the World Food Conference target of 10 million tons.

His Government had also recently agreed to contribute up to 12,000 tons to the international emergency food reserve.

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Reduced quota suggested by whaling commission

From Our Correspondent
Melbourne, June 20

The International Whaling Commission's scientific committee has recommended a reduction in the number of whales to be killed in the coming season, but a slight increase in the quota has been suggested for the southern hemisphere sperm whaling, which is the species hunted by the one Australian station at Albany in Western Australia.

Quotas were the main topic on the opening day of the Twenty-Sixth Annual Meeting of the commission in Canberra today. They will be decided in closed session over the next few days.

The commission will not consider a one-year moratorium on the killing of whales despite strong pressure from conservation groups and a message from President Carter emphasizing American support for a halt to commercial whaling.

The message was read to the commission's plenary session by Mr Paul McCockey, United States Congressman, who said that his colleagues probably felt even more strongly about the protection and preservation of whales than did his Government's executive branch.

President Carter said that in spite of the progress made in the past five years within the commission, a substantial change was needed in the international whaling convention itself before conservation measures would be adequate to assure protection.

Opening the meeting, Mr Ian Sinclair, the Australian Minister for Primary Industries, said that Australia supported strict controls for whaling.

A feature of the opening session was the deep divisions evident within the commission between whaling and non-whaling nations.

Leather boat 200 miles off Newfoundland

Halifax, Nova Scotia, June 20.—The 36ft leather boat St Brendan was reported about 200 miles north-east of Newfoundland yesterday on its 4,000-mile voyage from Ireland to the United States.

A spokesman for the Canadian armed forces rescue co-ordination centre in Halifax said no problems were reported by the skipper, Mr Timothy Severin, and his crew of three.

The craft apparently had a hole in its hull, but that was repaired, a spokesman said.

The St Brendan left Ireland in May last year and reached Reykjavik, Iceland, last September. Mr Severin and his crew returned to Ireland for the winter and resumed the voyage last month.

Behind the voyage lies an attempt to prove that St Brendan of Ireland could have sailed to the New World in about 600 A.D., old manuscripts claim.—AP.



Muhammad Ali, world heavyweight boxing champion, is kissed by his wife, Veronica after their Beverly Hills wedding on Sunday.

Peking protests over fishing 'violations'

Peking, June 20.—China is showing increasing concern over violations of what it claims to be territorial waters, particularly by Japanese and South Korean fishing boats.

A protest was sent to Japan last week over joint Japanese-South Korean exploitation of the east China sea continental shelf. And this morning the People's Daily reported that Peking had issued a "stern warning" to South Korea about "intrusions in Chinese fishing waters".

The Chinese warning was transmitted to South Korea by the Chinese departments concerned.

The paper added that if the Seoul authorities did not take "immediately effective measures to stop the occurrence of similar events", they would have to "bear full responsibility for all the consequences arising therefrom".

The People's Daily affirmed that, since May this year, South Korean fishing vessels had ignored the warnings and provoked Chinese fishermen by ramming their boats or damaging their nets.

The official party newspaper said because of these "flagrant practical violations, the broad masses of Chinese fishermen are indignant".

Observers noted that one year ago, China let it be known that it had "temporarily" detained two South Korean fishing boats and their crew, who according to a Chinese spokesman at the time had entered Chinese territorial waters.

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Third World report

20 years on, Malaysia has still to heal its racial divisions

From Peter Hazelhurst
Kuala Lumpur

Twenty years after the creation of the independent Federation of Malaysia, its constitutional successor, Malaysia appears to be a country making steady economic progress. Last year a growth rate of 12 per cent, in real terms, was achieved while inflation was held down to less than 3 per cent.

The federation is the world's biggest producer of rubber and tin and these products helped the country's exports to rise by 46 per cent to a value of \$3,400m last year. The balance of payments surplus was \$500m.

The army and police have broken the back of Malaysia's protracted security problem, which threatened to flare up two years ago when communist guerrillas attempted to build bases in their old strongholds of Perak and Pahang. Today the insurgents have scattered deep into the jungle.

Politically, stability has been given to the country by the ruling Barisan Nasional Front, an alliance of eight parties led by Mr Hussein Onn, the Prime Minister, who took over the leadership 17 months ago.

However, Malaysia has not yet solved its most fundamental

problem, that of the racial stresses between the more affluent Chinese community and the majority of Malays.

Resentment is increasing among the three and a half million Chinese, who see themselves as victims of discriminatory regulations, particularly the Government's economic policies aimed at erasing the wealth gap between the two races.

One measure stipulates that the equity of shares in companies to be owned by Malays must be redistributed by 1990 on the basis of 30 per cent to Malays, 30 per cent to foreigners and 40 per cent to non-Malay citizens.

The Malays do not possess the capital, so the Government has established a state corporation to buy the shares for the Malays. The Chinese claim this threatens free enterprise.

The Government has also stipulated that 30 per cent of the employment opportunities in commerce and industry must be reserved for Malays, regardless of their qualifications. Malays also receive preferential recruitment in Government services.

As a result of these measures, the Chinese are feeling the squeeze, Mr James Zu,

Magnet sent to Moscow in world's biggest plane

Moscow, June 20.—An American-built magnet, the largest of its kind in the world, arrived here today on board the world's biggest aircraft.

The 40-ton superconducting magnet, from the Argonne National Laboratory in Chicago, is to be sent to the Soviet Union for joint American-Soviet experiments to find cheaper ways of generating electricity.

It arrived after a non-stop flight from Chicago to Moscow, six storeys high United States Air Force C-5 Galaxy, the first to land in the Soviet Union. It was one of the heaviest loads ever transported by air.

American and Soviet scientists hope to use the device, which produces a field 250,000 times stronger than the Earth, in the magnetohydrodynamic (MHD) process for generating electricity.

In this technique gas at 2,400°C (4,300°F) is forced at velocities close to the speed of sound through ducts near the magnet. The moving gas essentially replaces the rotating arm of a conventional generator.

Scientists hope the MHD system will lead to power stations producing electricity almost twice as efficiently as current turbine generators.

The magnet will be housed in the U-25 MHD power plant near Moscow, which is operated by the Soviet High Temperature Institute, the largest such facility in the world.

The magnet, flown from Moscow to Sheremetyevo airport, is designed so that its field is concentrated at a central point and thus does not affect the Earth's magnetic field.—Reuter.

More cholera in Japan

Ariz, Japan, June 20.—Twelve more suspected cases of cholera were reported here today, disappointing earlier hopes by health authorities that Japan's worst outbreak of the disease since 1946 was under control.

One person has died of the disease, with 74 people either suffering from it, carrying it without symptoms or being suspected victims.—Reuter.

SPORT

Rugby Union



Beattie, the Lions replacement lock forward, who made his first appearance of the tour.

Injury to Bennett is cause for concern

Tinian, June 20.—Phil Bennett, the Lions captain, had an arm in a sling here today and his shoulder injury was causing concern. Bennett severely bruised his collarbone during the first international against New Zealand in Wellington on Saturday and underwent a medical examination today.

George Burrell, the Lions manager, admitted that he was concerned about Bennett's shoulder. "The X-ray examinations show no sign of any bone damage, but sometimes these things can be tricky," he said.

Bryanmore Williams and Irvine are both suffering from thigh injuries, which further depleted the Lions backs during a two-hour training spell. The former England scrum half, Nigel Stanger-Smith, who is covering the tour for BBC television, helped out during the session.

Mr Burrell was holding an inquiry early on Saturday's 16-12 defeat by the All Blacks. "Emotions tend to run a bit high after a loss, but we won't let that affect us," he said.

until Monday that we start to through all that happened."

There is no doubt the Lions need to make a thorough investigation of the defeat—their second in successive matches—if they are to emerge from this critical period and survive the battles to come.

Their next challenge will be to reach against South and New Zealand and North Otago on Wednesday when Beattie will replace lock forward, who was injured in the first match. Beattie was called out from New Zealand to take over from Horton who has gone home with a broken thumb. Beattie's complicity in the second row will be a Gordon Brown and their loss could be vital in view of the difficulties experienced on Saturday.

Gareth Evans will also be picked to start. Five tour appearances on tour, the Lions will be led by Beattie, one of only three players to have scored in the first Wednesday's game.—Reuter.

Rugby League

Britain could be without Fielding for world final

Sydney, June 20.—Keith Fielding, the world Rugby League champion, could be in doubt for the world Rugby League championship final against Australia at the Sydney cricket ground on Sunday.

Fielding, who is a key player for the British team, was injured in a match against New Zealand on Saturday and it appears he may have aggravated it.

The withdrawal of the Staffordshire player would be a severe blow to the British team, which is expected to be made after the match.

Fielding is expected to pick his team.

Fielding also indicated that there could be a change to the Great Britain pack for the final. "Our forwards did quite well against Australia but there may be one change for the final," he said.

Fielding's most consistent player, who has scored 10 tries, is expected to be in the second half of the match against Australia. He has been a key player for the British team and his loss would be a severe blow.

when he retired". Watkins added that Ward would start off the injury by the weekend.

Before leaving Brisbane, Watkins said that he was at 1 strength on Saturday and we have a few tricks up our sleeve. We have no other matches to play and we are looking at a full-scale training session here tomorrow.

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Hockey England badly need good results in Amsterdam

From Sydney Frisken
Amsterdam, June 20

St national hockey teams, Netherlands and England, have been given a stern warning by the International Hockey Federation (IHF) to start tomorrow. This will be an important exercise in preparation for two events next year: the World Cup in Buenos Aires from March 19 to April 1 and the European Cup, at Hanover, in September.

England badly need good results, the best achieved so far being a 1-0 victory over France in London. The best of their strikers, Alan Hogg, is in the hospital with a broken leg.

England's attack is in a bad way, which they deserved at least to draw. Against West Germany at London on March 12 England lost 2-1. In the last match, against the Netherlands, they were defeated 2-0.

So there is sufficient incentive to correct the mistakes which led to the loss of their advantage.

With Gorton and Sandhu, not being available, however, late changes have had to be made.

Fielding, an equally experienced midfielder, comes in for Gorton and Sandhu. Fielding has had a good season with Middlesex—he scored the winning goal in the county final against Warwickshire and his speed and skill should be a great advantage.

Fielding is in the Indian Pacific tour to this tournament, having failed, the Dutch seized their chance to throw in their second round, who will play the Dutch in the final of the European championship at Folkestone from September 15 to 18 this year. The success of their senior team in Amsterdam will depend largely on the striking power of Liggins and

the midfield scheming of Leef West Germany, having redoubled their efforts to win the World Cup. They have found valuable replacements in Lauritsch and the Moritz brothers, Hans and Peter. With a round-robin tournament starting tomorrow, this will be an important exercise in preparation for two events next year: the World Cup in Buenos Aires from March 19 to April 1 and the European Cup, at Hanover, in September.

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Tavare plays for the Combined Universities

Christopher Tavare, the Oxford University and Kent batsman, who has played only in Benson and Hedges matches this season, is included in the Combined Universities team for the day after tomorrow at Oxford on Thursday and Friday.

Baseball

LEAGUE: Pittsburgh Pirates 2, Atlanta Braves 2; Philadelphia Phillies 2, San Diego Padres 2; New York Yankees 2, Los Angeles Dodgers 2; St. Louis Cardinals 2, Chicago Cubs 2; Cincinnati Reds 2, Milwaukee Brewers 2; Houston Astros 2, Texas Rangers 2; Oakland Athletics 2, Kansas City Royals 2.

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Law Report June 20 1977

'Striking similarity' a label that may mislead

Regina v Scarrott

Before Lord Justice Roskill, Lord Justice Scarman and Mr Justice Wynn

[Judgment delivered June 15]

The Court of Appeal, stating that the phrase "striking similarity" in relation to similar fact evidence was only a label and might be misleading, set down guidelines for the admission of such evidence.

Their Lordships dismissed an appeal by Ernest Theodore Scarrott against his conviction at Bristol Crown Court (Judge Venn, QC) on an indictment containing 13 counts charging him with burglary, attempted burglary, assault with intent to commit burglary and indecent assault in involving eight young boys over a period of four and a half years.

Mr Peter Fallon, QC, and Mr James Black for the appellant; Mr Michael Addison for the Crown.

LORD JUSTICE SCARMAN said that the trial judge ruled that evidence given by each of the boys on counts concerning them had a striking similarity to the evidence given by the other boys, and that that evidence was admissible on the other counts and could be corroborated by evidence based himself on the House of Lords decisions in R v Boardman ([1973] AC 759) and R v Boardman ([1973] AC 721). He did not apply the test of corroboration to determine whether the evidence was admissible; he left the jury to decide whether there was a possible ganging up between the boys to give false evidence, directing them that if they found there was no ganging up the similar fact evidence could be corroborative.

Before their Lordships the appellant said that the evidence was inadmissible. Before arraignment his counsel had applied to sever the indictment and asked in effect, for separate trials in respect of each boy as a trial on a multiple indictment would create overwhelming prejudice to him. The judge refused to sever.

It was submitted that the evidence did not possess the quality of striking similarity and was adduced solely for the purpose of corroboration. The approach to admissibility by way of the test of corroboration was not acceptable. In fact, when the test of admissibility of similar fact evidence was striking similarity, it did not matter whether the evidence was adduced to prove identification, or identification, or to rebut the possibility of innocent association. To be admissible, the evidence, through its striking similarity, had to reveal an underlying link between the matters with which it dealt and the offences charged against the defendant. In respect of the count being considered by the jury.

The admissibility of such evidence did not depend on whether or not the evidence was corroborative. The evidence of a victim or an accomplice, if it was a consequence of its probative value, not vice versa. If the evidence was admitted it followed that it was capable of corroborating.

To succeed in quashing the conviction counsel had to persuade their Lordships that the judge was wrong to treat the similar fact evidence as strikingly similar. Having found the phrase "striking similarity" to be a label, the judge had to ask himself whether the evidence was strikingly similar to the evidence available to him at that time, such as written statements and depositions; (b) whether it would be open to the jury, properly directed and warned, to treat the evidence available to him as strikingly similar and whether it could be corroborative; (c) whether the prejudicial effect of the allegedly corroborative matter would outweigh its probative value. At that stage no final decision was to be taken as to the admissibility of the evidence.

During the course of the trial the question would arise as to whether the evidence was admissible. Then the judge had to apply the "strikingly similar" test, i.e. whether the similarities were sufficiently striking to justify the evidence being considered by the jury and whether any prejudicial effect outweighed the probative value.

If the judge decided the evidence was admissible, then in the third and last stage, in the summing up, the judge had to be directed to clear the simple language in relation to corroboration, and if appropriate, accomplices, and the separation of evidence from the evidence of a victim or an accomplice where not admissible upon other charges or against other defendants.

The appeal would be dismissed. Solicitors: Registrar of Criminal Appeals, Director of Public Prosecutions.

Court of Appeal

'Striking similarity' a label that may mislead

Before arraignment, when there was a submission for severance, the judge had a discretion under the Indictment Rules, 1971. In exercising it the judge had to ask himself whether the evidence was strikingly similar to the evidence available to him at that time, such as written statements and depositions; (b) whether it would be open to the jury, properly directed and warned, to treat the evidence available to him as strikingly similar and whether it could be corroborative; (c) whether the prejudicial effect of the allegedly corroborative matter would outweigh its probative value. At that stage no final decision was to be taken as to the admissibility of the evidence.

During the course of the trial the question would arise as to whether the evidence was admissible. Then the judge had to apply the "strikingly similar" test, i.e. whether the similarities were sufficiently striking to justify the evidence being considered by the jury and whether any prejudicial effect outweighed the probative value.

If the judge decided the evidence was admissible, then in the third and last stage, in the summing up, the judge had to be directed to clear the simple language in relation to corroboration, and if appropriate, accomplices, and the separation of evidence from the evidence of a victim or an accomplice where not admissible upon other charges or against other defendants.

The appeal would be dismissed. Solicitors: Registrar of Criminal Appeals, Director of Public Prosecutions.

Time does backward somersault on centre court and stands still

Connors: no medal

First seed to fall: a disconsolate Roscoe Tanner (left) shakes hands with John Lloyd

than that in which Guillermo Vilas beat Jan Kodes, 9-8, 7-5, 6-4, on a centre court previously graced by a parade of past champions. The score itself indicates that here was a match worthy of its heritage. Vilas is a French champion. Kodes, one of his predecessors, has also won Wimbledon. Yesterday they gave us a richly patterned demonstration of the way clay court specialists can

Men's singles

First round

C. DRYDALE (SA) beat J. Borenkuk (US), 6-3
M. LASHI (US) beat J. Granač (Czechoslovakia), 6-3
C. LUTZ (US) beat B. Mitton (SA), 6-3
K. G. Warwick (Australia) beat G. Vastak (Australia), 6-3
S. Lindberg (Sweden) beat F. Gerbert (W Germany), 6-3
J. M. Lloyd (GB) beat R. TANNER (USA), 6-3
K. Meier (W Germany) beat R. Hines (SA), 6-3
A. Sayer (US) beat D. Jacobson (SA), 6-3
A. PANATTA (Italy) beat E. J. Van Dillen (US), 6-3
V. GERULAKIS (US) beat T. W. Wilson (US), 6-3
C. P. Kecher (Australia) beat R. Fisher (US), 6-3
F. McNair (US) beat N. Saviano (US), 6-3
R. STOKTON (US) beat R. Drysdale (US), 6-3
M. COX (GB) beat N. J. Chappell (US), 6-3
J. Alexander (USA) beat A. H. Lloyd (US), 6-3
P. Desquesnes (France) beat J. Micom (Spain), 6-3
D. J. Williams (US) beat J. Kodas (Czechoslovakia), 6-3
G. C. Smith (USA) beat J. Audette (Brazil), 6-3
C. Lutz (US) beat G. Smith (Czechoslovakia), 6-3
A. J. Stone (Australia) beat G. Kirkwood (Australia), 6-3
J. Norback (Sweden) beat J. McInnis (US), 6-3
C. J. Mottram (GB) beat J. S. Hagey (US), 6-3
N. Pilić (Yugoslavia) beat H. Pfister (Switzerland), 6-3
M. Edmondson (Australia) beat M. J. Sullivan (Australia), 6-3
B. J. Harris (Sweden) beat A. Zuparelli (USA), 6-3
J. Veir (SA) beat A. Belancic (Colombia), 6-3
A. Taylor (US) beat E. Montano (Panama), 6-3
T. NASTASE (Romania) beat Tom Brown (USA), 6-3
L. Larus (US) beat D. Schneider (USA), 6-3
W. H. Jones (Canada) beat J. Filoli (Chile), 6-3
G. Mayer (US) beat J. K. Holland (USA), 6-3
J. Laifle (NZ) beat V. Amara (US), 6-3
R. Armstrong (US) beat A. Gardner (Australia), 6-3
R. (Australia) beat G. S. Souter (South Africa), 6-3
J. H. Martin (Australia) leads H. Taylor (GB), 7-5
H. Simpson (NZ) leads P. Fleming (US), 6-3
J. McGuffee (SA) leads C. J. Dunlop (Australia), 6-3
H. Simpson (NZ) leads H. J. Burns (US), 6-3
J. McGuffee (SA) leads I. El Shaiel (Syria), 6-3
J. Decherry (US) v. E. SOLOMON (USA)
J. Ripstein (US) beat C. Lewis (NZ), 6-3
A. Armitaj (India) beat J. E. Manandad (Philippines), 6-3
C. Parrish (US) beat B. Tracator (USA), 6-3
R. Moore (SA) beat A. Jarrett (GB), 6-3
P. Krenk beat J. Dolven (US), 7-5,
6-3
E. Gifford (US) beat R. Benavides (Bolivia), 6-3,
6-3
R. SMITH (US) beat B. Crayth (Australia), 6-3

[illegible]

ELEVEN: Miss A. Smith v. Miss M.
Wheeler; Miss L. J. Charles v. Miss
A. Murray and A. R. Gardner v. Miss
C. E. Leichen.

TWELVE: Miss M. Dignam v.
Miss B. H. Thompson; Mrs E. Lesley v.
Miss A. Vasey; Miss A. Fama v. Miss
V. S. Thune; Miss M. Gurdal v. Miss
J. S. Zacharias.

THIRTEEN: Miss K. Anthony v.
Miss C. E. Johnson; Miss M. W. Reed;
J. Andrew v. Miss W. Carnahan
and Miss N. S. Adams; Miss M. C.
Rosen and N. C. Sears v. Miss
L. D. Stephens; Miss Frick v. Miss

FOURTEEN: Miss M. Struthers v.
Miss G. Stevens; G. P. Diller v.
Miss M. S. P. Stiles; Miss M. P.
P. Stone; H. G. Glensierster v.
Miss E. Verne; Miss M. Yall v. B. M.
Bortman and R. Milson.

COUNTS TO BE ARRANGED: R.
Kearney v. R. Scam; P. Fleming and
G. M. McLaughlin v. Miss M. Wayman;
J. Andrew and R. Bonaville v.
Miss M. C. Brown; Miss M. Collins
and G. P. Hutchinson v. Annand.

415	40	Parfekt H. W. Price, 3-8-9	B. Taylor	1
416	000-003	Rln, V. Storte, 3-8-9	P. Cook	3
417	0	Reedall, J. Dundon, 3-8-9	R. Hutchinson	10
418	000-000	Ezra bridge, H. Rogers	G. Dale	13
419	000-000	Charles, O'Neill, 3-8-6	G. Dale	7
420	000-000	Nice Martin, J. Nelson, 3-8-6	H. Fox	3
421	4200-00	Ante, B. Hanbury, 3-8-6	H. Fox	3
422	000-000	Ante, B. Hanbury, 3-8-6	H. Fox	3
423	000-000	St. George, 12-1 Hobson, 20-1 others.	H. Fox	3

Sulphur

From Desmond Stotham.
French Racing Correspondent
Paris, June 20

There are not many sprints for older horses in France and it is a pity that tomorrow's five-furlong sprint at Chantilly will offer no more. Sulphur has attracted such a moderate field.

My selection is Black Sulphur, the almost certain favourite, but I should not have run over him. It must be in with a chance of winning the £10,563 prize.

Black Sulphur has always produced a fine result in facing over five furlongs, the distance over which the American-bred colt won twice as a two-year-old. Gilles de France, the French Black Sulphur for Mrs Allen Manning, was first successful with the colt in the Prix de Vernon at Deauville last year. The victory was followed by a win in the Prix D'Arenberg at Chantilly, but only after the four-length winner, Haneeda, had been disqualified.

After poor showing in the Greenham Stakes at Newbury in April, Black Sulphur ran a first-class race to finish threequarters behind the Irish Girl Etoile in the five-furlong Prix de Saint George at Longchamp. The two met again in the Prix du Palais National at Chantilly. In this race was won by Dilgo and Girl Friend held second place by a short neck from Black Sulphur.

Black Sulphur has won three quarters of a length behind Godswalk in last week's King's Stand Stakes at Royal Ascot, the form colt.

Madang, who raced in England for part of last season, is probably Italy's best sprinter. He won five of his seven races in England and already added three more victories this season. The son of Hubarth's most recent success was a fine sprinter and a good runner.

May 15.

9	02	Marquette, J. Dunlop, 3-1
10	03	Marquette, J. Dunlop, 3-1
11	04	Rhonda Gray, R. Hannan, 3-1
12	05	Rhonda Gray, R. Hannan, 3-1
13	06	Tribel Mary, P. Cole, 4-1
14	07	Tribel Mary, P. Cole, 4-1
15	08	The Gate, 2-1 Marshalee, 3-1 Use Lake
16	09	Tribel Mary, P. Cole, 4-1
2.0	MONTPELIER STAKES (2-20-0)	
2.02	040	Marquette, J. Dunlop, 3-1
2.03	050	Marquette, J. Dunlop, 3-1
2.04	060	Marquette, J. Dunlop, 3-1
2.05	070	Marquette, J. Dunlop, 3-1
2.06	080	Marquette, J. Dunlop, 3-1
2.07	090	Marquette, J. Dunlop, 3-1
2.08	100	Marquette, J. Dunlop, 3-1
2.09	110	Marquette, J. Dunlop, 3-1
2.10	120	Marquette, J. Dunlop, 3-1
2.11	130	Marquette, J. Dunlop, 3-1
2.12	140	Marquette, J. Dunlop, 3-1
2.13	150	Marquette, J. Dunlop, 3-1
2.14	160	Marquette, J. Dunlop, 3-1
2.15	170	Marquette, J. Dunlop, 3-1
2.16	180	Marquette, J. Dunlop, 3-1
2.17	190	Marquette, J. Dunlop, 3-1
2.18	200	Marquette, J. Dunlop, 3-1
2.19	210	Marquette, J. Dunlop, 3-1
2.20	220	Marquette, J. Dunlop, 3-1
2.21	230	Marquette, J. Dunlop, 3-1
2.22	240	Marquette, J. Dunlop, 3-1
2.23	250	Marquette, J. Dunlop, 3-1
2.24	260	Marquette, J. Dunlop, 3-1
2.25	270	Marquette, J. Dunlop, 3-1
2.26	280	Marquette, J. Dunlop, 3-1
2.27	290	Marquette, J. Dunlop, 3-1
2.28	300	Marquette, J. Dunlop, 3-1
2.29	310	Marquette, J. Dunlop, 3-1
2.30	320	Marquette, J. Dunlop, 3-1
2.31	330	Marquette, J. Dunlop, 3-1
2.32	340	Marquette, J. Dunlop, 3-1
2.33	350	Marquette, J. Dunlop, 3-1
2.34	360	Marquette, J. Dunlop, 3-1
2.35	370	Marquette, J. Dunlop, 3-1
2.36	380	Marquette, J. Dunlop, 3-1
2.37	390	Marquette, J. Dunlop, 3-1
2.38	400	Marquette, J. Dunlop, 3-1
2.39	410	Marquette, J. Dunlop, 3-1
2.40	420	Marquette, J. Dunlop, 3-1
2.41	430	Marquette, J. Dunlop, 3-1
2.42	440	Marquette, J. Dunlop, 3-1
2.43	450	Marquette, J. Dunlop, 3-1
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2.51	530	Marquette, J. Dunlop, 3-1
2.52	540	Marquette, J. Dunlop, 3-1
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2.54	560	Marquette, J. Dunlop, 3-1
2.55	570	Marquette, J. Dunlop, 3-1
2.56	580	Marquette, J. Dunlop, 3-1
2.57	590	Marquette, J. Dunlop, 3-1
2.58	600	Marquette, J. Dunlop, 3-1
2.59	610	Marquette, J. Dunlop, 3-1
2.60	620	Marquette, J. Dunlop, 3-1
2.61	630	Marquette, J. Dunlop, 3-1
2.62	640	Marquette, J. Dunlop, 3-1
2.63	650	Marquette, J. Dunlop, 3-1
2.64	660	Marquette, J. Dunlop, 3-1
2.65	670	Marquette, J. Dunlop, 3-1
2.66	680	Marquette, J. Dunlop, 3-1
2.67	690	Marquette, J. Dunlop, 3-1
2.68	700	Marquette, J. Dunlop, 3-1
2.69	710	Marquette, J. Dunlop, 3-1
2.70	720	Marquette, J. Dunlop, 3-1
2.71	730	Marquette, J. Dunlop, 3-1
2.72	740	Marquette, J. Dunlop, 3-1
2.73	750	Marquette, J. Dunlop, 3-1
2.74	760	Marquette, J. Dunlop, 3-1
2.75	770	Marquette, J. Dunlop, 3-1
2.76	780	Marquette, J. Dunlop, 3-1
2.77	790	Marquette, J. Dunlop, 3-1
2.78	800	Marquette, J. Dunlop, 3-1
2.79	810	Marquette, J. Dunlop, 3-1
2.80	820	Marquette, J. Dunlop, 3-1
2.81	830	Marquette, J. Dunlop, 3-1
2.82	840	Marquette, J. Dunlop, 3-1
2.83	850	Marquette, J. Dunlop, 3-1
2.84	860	Marquette, J. Dunlop, 3-1
2.85	870	Marquette, J. Dunlop, 3-1
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4.30 (1.37) HOVE STAKES 1987:
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1st Barfers Allow. Pkett. Thorpeby.
 2nd Wince Company, 33-1 Pontiac. Chris-
 tianne, Jennie, Julie Simone. P.M. 12.

TOTE. Wm. 62nd place. 26p 52.1m.
 65-64 1st forecast. 1st. J. O'Neill.
 65-64 1st. 61.0d.


5.15-13.17. DEWBURY STAKES
 (2-3-07 2:44:6) 5f

The Mieser, 7-1 by Saugunoo—
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New hope for society's
delinquent victims

The new ambassador in Washington has left us a disturbing memento of public week. The startling suggestion that Britain would be better off without its approved schools and borstals, is made by the working party of the National Association for the Care and Resettlement of Offenders, chaired by Mr Peter Jay. In 1972 more than 70 per cent of boys released from borstals were found to have been reconvicted within two years. A place at an approved school or borstal costs the taxpayer approximately £2,000 a year. These facts have led the working party to suggest that this money might be better used in attempts to rehabilitate the young offender within his own community. The report considers that only 5 per cent of delinquents now in approved schools and borstals need this form of containment.

These views are unlikely to appeal to those who approved another recent headline, "Bring back the hard-line school thugs". This summed up the hard-line approach for which one secondary school head sought support at a conference of head teachers. It is the seeming senselessness of vandalism, and in particular the destruction of expensive school equipment and buildings, that understandably appeals some heads and enrages others.

Child guidance can offer no miracle cure for vandalism. What it can do is demonstrate the urgent message concealed in many acts of apparently senseless destruction. Vandalism is an expensive way of conveying a message. So is a strike. Common to adult strikers and to young delinquents are feelings of intense injustice and grievance which demand relief through action.

John, a hard-working, well-behaved boy, dumfounded his teachers by ripping all the notices off the school board. In a subsequent interview with John and his parents, his long smouldering resentment blazed into angry accusation. "Each time you discuss your divorce, you take no notice of how I feel." This boy had a sympathetic year tutor, but a mixture of loyalty and embarrassment had prevented John from confiding in him. John was lucky. His distress signal was picked up promptly, and decoded by John himself, with the supporting presence of the educational psychologist. His parents made themselves recognize John's unhappiness, and need for detailed knowledge of their plans. John had no need to repeat his act of vandalism.

Other children are less fortunate. Tom, like John, had caring parents, but the message Tom was transmitting was not one they were able to receive and accept.

In the clinic, his father's attention was drawn to Tom's twitching face, fidgety movements, and failure to make use of any of the toys. It was suggested that boys as anxious as Tom would be helped by less pressure at home, rather than more. But Tom's father drove himself relentlessly to achieve a higher standard of living for his family, and insisted upon driving Tom, too. The only cause for Tom's slowness that he would entertain was laziness. By the time Tom was 15 the gap between his academic achievement and his father's expectations had become a chasm.

Tom was still unable to challenge his powerful father and to point out that the script his father had written was in no way suited to Tom's own personality and potential. Instead Tom had become expert at headlong young, inexperienced teachers. He did not work himself and "stirred" the rest of the class in a devious way that

successfully prevented even the highly motivated from working. When pressure failed, the school punished Tom to protect the class. His father, increasingly angry and disappointed, kept up the pressure on Tom at home. The tension within Tom had to explode.

The explosion took the form of an attack upon an unknown woman in the street. She happened to be the mother of children at Tom's school, and of about the same age as his own mother, who had never felt able to stand up for Tom. The local paper called Tom "a vicious young criminal". In its description of the incident, one vital piece of information was not given—that this aggressor had, throughout his school days, been himself a victim.

In the traditional approved school that the Nacro working-party wishes to phase out, a boy like Tom would be "retrained" to obey order promptly and to conform, as in the Forces. The emphasis is on acceptance of external discipline. Within a large institution of which boys are unwilling members, it is not easy to encourage self-discipline, self-reliance, ability to look and plan ahead—the qualities a boy will need when he rejoins the outside world. If a large institution, be it hospital or school, is to run smoothly its residents must conform to the institutional programme.

This means that only the more trivial decisions are left to individual initiative. Paradoxically the more successfully a boy is trained to act only on instruction, the more dependent he becomes on the institution to give him these instructions. The ability to think through a problem, make a decision, and accept responsibility for it—attributes of a mature personality—is not easily encouraged within a penal institution, obliged to constrain residents who would prefer to escape.

Another serious disadvantage in isolating a large group of young delinquents within an institution run on hierarchical lines, is the delinquent sub-culture that flourishes when the back of authority is turned. As in a prison when staff are absent, the institution imposes control, the corrupt lifestyle practised in the outside world reestablishes itself. The strong intimidate the weak; theft and dishonesty are accepted as the norm. After two years, a boy can leave such an institution with his drive to grab what he wants, when he wants it, reinforced rather than diminished.

Awareness of these problems has already led professional workers to introduce carefully thought out improvements, another demand made by Mr Jay's report. In the new therapeutic communities that have replaced certain old-style approved schools, staff are asked to forgo adult privileges and apertures, and to share activities with the young, not to supervise them from an authoritarian platform. Through open communication and living together, staff work to regain the confidence of boys who feel they have been many times betrayed by adults.

Carefully selected and highly trained staff are needed to stand the immense strain of living with adolescents who are encouraged to share feelings of deep depression, angry resentment, or cynicism with those trying to help them. The object, as in all psychotherapy, is to channel such feelings into words instead of anti-social acts of vandalism or delinquency. A high staff ratio and back-up from a sophisticated team of consultants makes the fees of a therapeutic community

higher than the £2,000 a year of the average approved school. Despite this, such communities have won appreciative recognition from social workers, who ask them to take many more boys than they can accept.

If the Nacro report should lead to the phasing out of some approved schools and borstals, it is to be hoped that two very promising low community schemes for young offenders will receive more support from the taxpayer.

The first is the revolutionary idea of fostering adolescents known to be exceptionally difficult. Several social service departments claim success from this new approach, and Kent has published two encouraging follow-up studies.

A couple selected as likely to be able to cope, are asked to make the adolescent's therapeutic care their priority, and to subordinate other family plans to this. This heavy commitment distinguishes these special foster parents from those who expect a child to adapt himself to their way of life, plans, and extra commitments such as dependent grandparents.

Special foster parents are paid approximately £30 extra on top of the ordinary fostering rate. For this they are expected to tolerate disturbing interventions by natural parents, who often have severe personality problems of their own. They are also asked to attend regular group meetings with the social worker responsible for the scheme. Here anxieties are shared about adolescents who have been suspended from school, run away, stolen, or become pregnant. Such support gives encouragement to continue, when the events themselves, or the comments of neighbours, might otherwise lead foster parents to feel they have failed and must give up.

The second new approach in community care for offenders is intermediate treatment. It is intermediate in the sense of being a provision that is between sending a child away for two years to an approved school, and leaving him entirely at home. One of the objects is to offer children in trouble the chance of relating to adults more sensitive to their needs than they have found hitherto.

One local authority has provided a house with skilled staff, and a variety of activities both outdoor and indoor. Here a child can spend the weekend, and so find it possible to live through the week and attend school, from a home in which one parent is severely mentally ill, or alcoholic.

Anyone wishing to help a child at risk can offer their name to the social services department, and if found suitable, can be placed on the intermediate treatment register.

The flexibility of intermediate treatment, available alike to the convicted offender, and the child at risk, allows such a child to be introduced by a social worker to one adult volunteer. He in turn devotes perhaps one evening a week to helping a child to develop a chosen interest or skill. The confidence this can give may eventually encourage a child to mix with contemporaries who share this interest. No longer is he dependent on being included in a delinquent gang for companionship.

As one adolescent put it, "You get to feel the aggressive part of you is all you've got". Intermediate treatment sets out to convince a child, that like all of us, he has a constructive part, too.

Dr M. I. Heatley

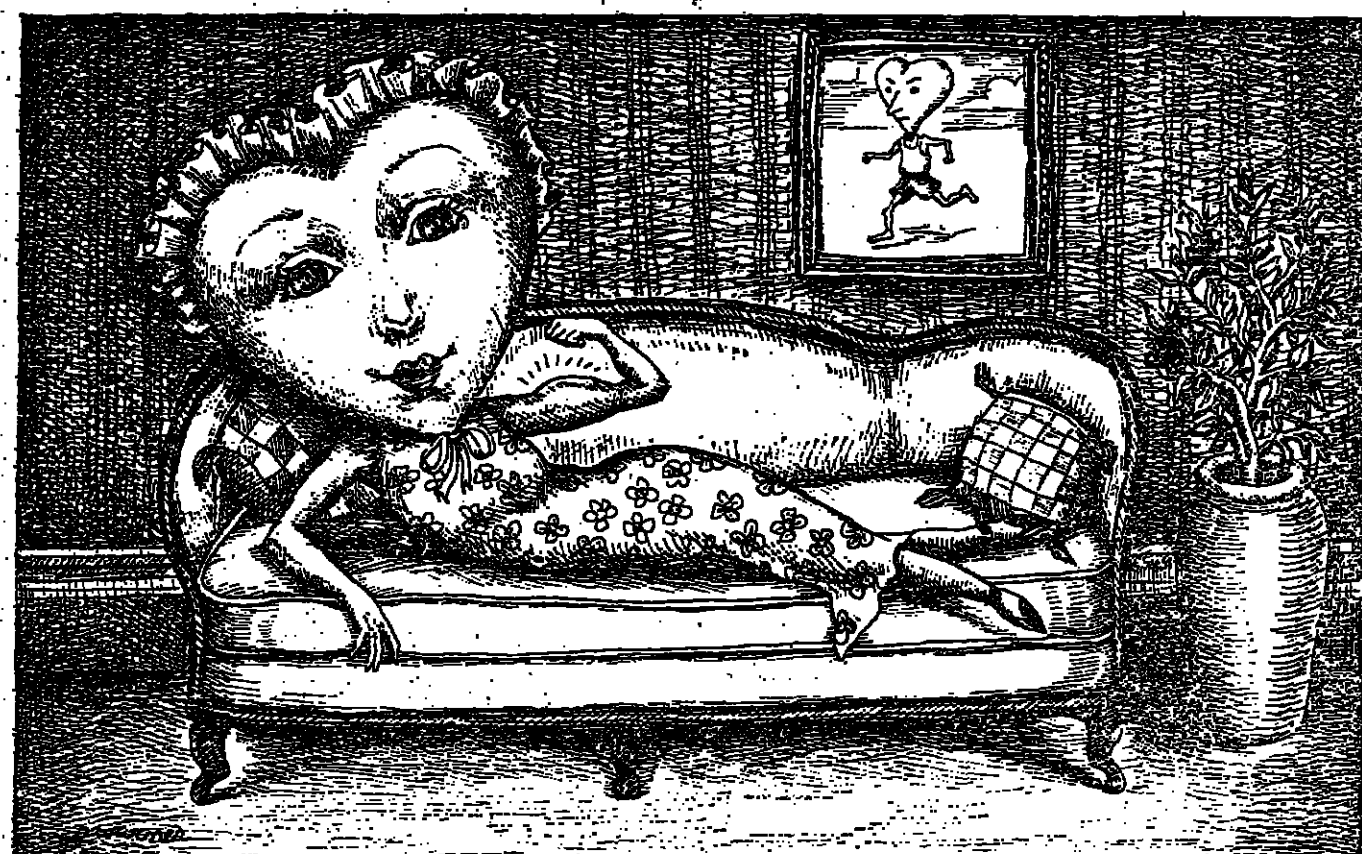
The healthiness
of the long-distance
runner

Illustration Pat Warner.

"Why can't a woman be more like a man?" sang Professor Higgins in *My Fair Lady*; but medical scientists would argue that he got his question the wrong way round. In terms of health we need to ask why men cannot be more like women. Male death rates are almost double those of women at all ages between 15 and 64. The sex difference is even bigger for heart disease, with 5,600 middle aged men in every million dying each year from coronary thrombosis, compared with only 1,800 women.

The explanation usually offered for this difference is that it is constitutional: that women are "protected" from heart disease by their sex hormones and that there is nothing that men can do to avoid the lethal consequences of their masculinity. Evidence is building up, however, to suggest that the sex hormone theory is an over-simplification and that the mortality gap between men and women can be narrowed.

Sex hormones cannot be the whole explanation, for if that were the case there would be a dramatic change in female mortality at the menopause. In fact, there is no sudden change at the age of 50. Female mortality from heart disease rises steadily from the age of 20 to 80, just like that of men, but it lags 10 years or so behind. Even 60-year-old women can expect to live for another 20 years, while men of the same age can look forward to only 15 more years.

If, then, there is no simple hormonal basis for women's relative immunity to heart disease, what is the explanation?

Naturally enough, medical researchers (most of whom are men) have measured every possible constituent of the body in the search for the vital difference, and the current focus of attention is the lipoproteins—the chemical complexes that transport fat in the bloodstream. There are substantial differences in the proportion of high and low density lipoproteins in men and women of the same age and the ratio between the two types seems to provide the best predictor of any individual man or woman's susceptibility to a coronary thrombosis.

While the exact nature of the link between the lipoprotein ratio and the risk of heart disease remains the subject of research speculation the practical implications of the association are much more clear. In particular, surveys at Stanford University, California, have shown that men who take regular vigorous exercise can change the proportion of their high and low density lipoproteins to levels comparable to those found in women.

Exercise, and especially running, has become the vogue among academics and the professional classes in the United States (possibly in response to the change in life style encouraged by the Carter administration). Tens of thousands of middle aged men and women have taken up running 15 or more miles a week, and it is in this group that tests have shown that exercise converts a man's blood lipoproteins to the safer female pattern while having a far less marked effect on women.

Is there an alternative? Can the male lipoprotein ratio be altered to the female level by any method other than exercise?

At present no one knows for certain—the simple reason that the necessary research has not yet been done. All the well known studies of the effects of diet on the risk of heart disease were done at a time when measurements did not include lipoprotein ratios, so that there are no experimental data of the effects on the ratio of what is eaten.

However, there is nothing in the recent research that is inconsistent with the advice issued by medical authorities throughout the world that heart disease can be prevented by people stopping smoking, lowering their blood pressure if it is raised, reducing weight, and cutting down on the amounts of butter, milk, and other saturated fats in the diet.

For the present, however, the striking finding is the life-enhancing effect of regular long distance running. Medical encouragement for men to return to a life style dominated by physical exertion fits in neatly with theories that men can be healthy only while living in accordance with their biological inheritance. Nature seems to have arranged matters so that women may lead sedentary lives in medical safety, tending children and the cooking pot, while men need to be out and about hunting and gathering if they are to achieve a normal life expectation. While no one has yet suggested that early morning exercise treks should carry a sugar, there is now a sound biochemical explanation to justify their enthusiasm.

Dr Tony Smith
Medical Correspondent

Chill words
of truth that have
put the wrong
man out in the cold

...but what a group of ladies
brought in many suggestions.
I like best are: a
of prose, a bank or oars,
mission. . . Major General
Commissioner in Cyprus,
President Makarios had every
Dawning Street as I
of the privileges granted
one church in Cyprus by

John Foord
CHARTERED
SURVEYORS

THE TIMES

BUSINESS NEWS

John Foord
PLANT AND
MACHINERY
VALUERS

nions insist on EB control GEC-Parsons merger

Shakespeare, Secretary of State, is to get involved in the GEC-Parsons merger, according to the unions. The unions are insisting that the merger be controlled by the Electricity Board (EB) and not by the Government. The unions are also insisting that the merger be controlled by the Electricity Board (EB) and not by the Government. The unions are also insisting that the merger be controlled by the Electricity Board (EB) and not by the Government.

Fortunes of Keyser Ullmann on the mend

By Adrienne Glascock

Keyser, Ullmann, the City merchant bank which has been obliged to make enormous provisions for bad debts since the property market crashed in 1974, yesterday announced that its fortunes for the year to end March were in line with those of the preceding 12 months at £5.5m.

Banker will head Price Commission

By Ronald Embley

Mr Charles Williams, a managing director of Baring Brothers, the merchant bankers, is to be the new chairman of the Price Commission. He will take over from Sir Arthur Cockfield on August 1, the day the provisions of the Price Commission Bill should come into effect. The Bill starts its report stage in the Commons today.



Mr Charles Williams: commission will have to balance the needs of industry against those of the consumer.

TUC firm on right to elect worker directors

By Paul Routledge

The TUC is sticking to its demand that worker directors in the private sector of industry should be elected by the labour force through the single channel of the trade union.

is main target in Arab boycott

Libya, Egypt, June 20.—Round of semi-secret warfare against Israel continues as the Arab boycott of Israel intensifies. The Arab boycott of Israel is the main target in the Arab boycott.

Severe fall in real pay

Continued from page 1

Real pay in the month reached nearly 21 per cent. Since then the May figure for retail prices has confirmed official hopes of a slowdown in the rate of inflation.

State official resigns over Crédit Suisse

Bellinzona, Switzerland, June 20.—The chief executive of the Swiss state (canton) of Ticino resigned today after public accusations that he was concealing a £2,200m fraud.

Takeover bid security criticized by Panel

By Ronald Pullen

Inadequate standards of security at a company that enabled a former employee to conclude that a takeover was in the air, were criticized by the Takeover Panel yesterday.

Lay-offs at Dagenham plant mount to 14,000

By Christopher Thomas

Labour Reporter

More than 14,000 Ford workers have so far been laid off because of a dispute that began over a man who said his wrist ached.

Augustus Barnett bought by Spanish wine group

By Derek Harris

Augustus Barnett, the off-licence chain which specializes in cut-price selling, has been sold to the Spanish conglomerate, Rumasa SA Group.

Credit ceiling 'adequate'

The ceiling on domestic credit expansion this year of £7,700m, set out in last December's Letter of Intent to the International Monetary Fund, is considered adequate by the Government to meet the prospective financial requirements of industry for investment and expansion.

Alliance Building Society

announces that from 1st July 1977 the rate of interest paid on Share and Deposit Accounts will be reduced by 0.3% p.a. and the following interest rates will apply to personal investment accounts:-

Not Premium	Gross equivalent yield at 35% income tax rate
6.70%	10.31%
6.95%	10.69%
7.20%	11.08%
7.70%	11.85%
7.95%	12.23%
6.45%	9.92%
6.70%	10.31%

The rate of interest on all Share and Deposit Accounts, including all previous issues of term shares, will be reduced by 0.3% p.a. from 1st July 1977. S.A.V.E. Accounts are not affected by this reduction.



allinson-Denny group of Companies

acknowledged as one of the world's leading merchants in timber and in the manufacture of wood based products, we celebrated 100 years in business with record results:-

	1976	1977	% CHG.
AS	166,139	200,000	+23%
it before tax	9,267	12,000	+29%
it after tax	4,094	5,500	+34%
ained Profit	3,162	4,200	+33%
nings per share	8.82p	11.50p	+30%

ENCOURAGING START HAS BEEN MADE IN 1977

of the full report and accounts are available from the Secretary, WILLIAM ALLINSON & DENNY LTD, 130 Hockley Road, London E8 7OR.

WAGES

The following are the index numbers for basic rates of wages for all manual workers in all industries and services and for average earnings of all employees in all industries and services covered by the monthly earnings inquiry released by the Department of Employment:

	(1) 1975 = 100	(2) 1976 = 100	(3) 1977 = 100
1975	210.1	255.0	11.2
April	211.7	258.8	16.5
May	216.6	261.2	11.1
June	219.0	263.1	13.3
July	219.0	263.1	13.3
Aug	219.1	267.2	12.2
Sept	219.2	268.7	12.0
Oct	219.5	269.0	8.0
Nov	220.7	272.2	7.7
Dec	221.5	277.1	17.6
1977	223.8	278.1	14.2
Jan	224.8	278.7	9.9
Feb	225.2	283.8	10.0
March	226.0	282.8	6.9
April	226.8	n/a	n/a
May	226.8	n/a	n/a

How the markets moved

The Times index: 180.43 + 0.62
The FT index: 445.2 + 3.6

Rises	Falls
Barclays 5p to 26p	Bilton Percy 5p to 13p
Barclays 5p to 26p	Hunting Gibson 10p to 22p
De Beers Ltd 7p to 25p	Int Paint 10p to 30p
De Beers Ltd 7p to 25p	Leslie 2p to 21p
De Beers Ltd 7p to 25p	Spear 5p to 16p
De Beers Ltd 7p to 25p	Stanley 4p to 14p
De Beers Ltd 7p to 25p	Warren 3p to 17p
De Beers Ltd 7p to 25p	W Bottom Test 3p to 16p

THE POUND	Bank	Bank
Australia \$	1.58	1.55
Austria Sch	30.25	28.25
Belgium Fr	64.00	61.00
Canada \$	1.84	1.79
Denmark Kr	10.75	10.35
Finland Mk	7.20	6.95
France F	8.72	8.46
Germany Dm	4.22	4.00
Greece Dr	64.00	61.50
Hong Kong \$	8.40	7.75
Italy Lr	155.00	149.00
Japan Yn	490.00	465.00
Netherlands Gld	4.45	4.22
Norway Kr	9.25	9.00
Portugal Esc	68.25	64.75
S African Rd	2.02	1.98
Spain Pes	122.50	113.50
Sweden Kr	7.89	7.54
Switzerland Fr	4.45	4.22
US \$	1.76	1.71
Yugoslavia Dnr	32.25	30.25

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PLA cuts trading loss and sees profit soon

By Michael Bailey

Transport Correspondent

Brighter times ahead for the Port of London Authority are forecast by the retiring chairman, Lord Aldington, in his latest annual report.

Trading loss after interest was cut from £8.4m in 1975 to £1.75m and a return to profitability is expected within a year or so, given a continuing reduction in manpower and freedom from industrial disputes.

At a London press conference yesterday Lord Aldington, who makes way for Mr John Cuckney of the Crown Commissioners in the autumn after six years at the helm at PLA, disclosed that the massive manpower reductions of the past decade—from 24,000 to 8,800 registered dockers and from 8,400 to 4,700 other staff—was already yielding results in improved trade for London.

Traffic last year increased by three million tonnes to 48.6 million, and this year, especially in the import trades, is continuing to rise. A 10 per cent rate rise in January, largely because of a slimmer labour force, was less than in recent years, and less than some other ports charged.

After a 66 per cent cut in total staff to about 13,500 over 10 years, Lord Aldington sees smaller cuts—perhaps a further 30 per cent over three years, though he declines to quantify while consultants study the future of the port—and an end to the upheavals of the past, with even a start to selective recruitment as the average age of dockers approaches 45.

But response to the new £7,000 severance offer has been "disappointing" so far, Lord Aldington said, with only about 380 elderly or unfit dockers taking advantage of it, leaving about 400, costing the PLA around £70 a week each but incapable of doing a dockers' job, still on the books. The fact that these people were still there with no work to do was a "blot on the working of the dock labour scheme", Lord Aldington said.

Non-docker staff were facing big changes with implementation of the new market-oriented management structure. "This requires fundamental changes in attitudes which I accept will be unacceptable to some," he says. "But the time for change is now; we can meet it head-on and build for our long term prosperity, or bury our heads in the sand."

Turnover last year was £57m compared with £55m in 1975, and operating profit before interest £3.5m compared with a deficit of £4m. After interest charges of £5.6m and restructuring costs of £5m, there was a net reduction in reserves of £5.7m.

12 groups set steel bar floor price

By Peter Hill

Details of a trading arrangement by 12 United Kingdom companies setting floor prices and market shares for sales of processed reinforcing steel bars (rebars) are being studied by the Office of Fair Trading.

Terms of the agreement have been submitted to the OFT by the British Reinforcement Manufacturers Association, and signatories to the agreement include British Reinforced Concrete Engineering and GKN Reinforcements.

According to the document, the aim of the scheme is to provide some rational marketing structure for the sale of rebars. At the same time, it aims to assist in making effective measures introduced by the EEC Commission a part of its anti-trust package for the steel industry through the setting of minimum prices.

The 12 companies plan to operate as a common selling agency by setting a minimum floor price at which business will be accepted and shares of orders received and tonnage delivered.

Rebar imports have risen to a high level over the past 18 months, but signatories to the agreement have undertaken not to import from countries outside the EEC, except those who have free trade agreements with the Community.

For rebars produced in the United Kingdom, the base-point

price under the Commission's pricing regime will be £135 a tonne and the BRMA scheme members will set a price which contains no profit element.

Signatories will be barred from accepting orders at below the agreed floor price and from offering any discounts, extended credit facilities or rebates.

Companies involved—principally those casting and bending rebars—will be expected to restrict their intake of new orders so as not to exceed their percentage market share allocation in any three-month period by more than 10 per cent.

Participants in the scheme will pay a subscription of £2,000 for each 1 per cent of the percentage market share allocated to them, with a minimum payment of £5,000. Companies exceeding their market share will be required to reduce deliveries in the following month either by transferring work to other members or by delaying deliveries.

Those failing to meet these requirements will be liable to a "fine" of £20 for each tonne of the excess tonnage. Companies accepting orders below the floor price will be liable for a similar sum.

An OFT spokesman said officials were looking at the content of the agreement and if there were aspects contrary to the public interest the companies would be asked to remove them.

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Office of Fair Trading studies advertising pacts

By Ronald Emiler

Mr Gordon Borrie, Director General of Fair Trading, is to decide whether to refer a series of agreements relating to the advertising industry to the Restrictive Practices Court.

The agreements, placed on the register yesterday, include the industry's voluntary code of practice, but it is thought that Mr Borrie will not test the validity of this in the court as it is felt to be in the public good.

Parties to the agreements registered yesterday include the Periodical Publishers Association, the Institute of Practitioners in Advertising, the Newspaper Publishers Association, the Newspaper Society and the Association of Independent Radio Contractors.

Most are only concerned with one specific agreement relating to an individual sphere of activity, but subjects covered by the practices are the system of agency recognition by the media, the terms of acceptance

for advertisements, rates of payment and agreed terms of payment for advertisements and agency commissions.

Perhaps the most contentious point will prove to be the agency recognition system. Under this, media grant agreed discounts to advertisements placed for companies by a "recognized" advertising agency.

The agency, not the advertiser, pays the fee, which is usually reflected in an agency's rates.

Although not part of the code

of practice, withdrawal of agency recognition from a company which continually contravenes the code of practice is one of the most potent sanctions available to television, radio and publishers seeking to maintain the voluntary code.

Should Mr Borrie decide to refer all or any of the agreements registered yesterday (or indeed subsequently) he could refer for an injunction banning them from any future similar pacts. Until he decides on what action to take, the agreements can remain in force.

Although not part of the code

£7m order for Pye from PO

By Kenneth Owen

Following trials at Surbiton Telephone Exchange, the Post Office has placed a £7m order with Pye TMC, part of the Philips electronics group, for advanced electronic equipment to part-modernize more than 240 exchanges in London, Birmingham, Edinburgh, Glasgow, Liverpool and Manchester.

Known as "Director" equipment, the units are used to translate a dialled number into route instructions between exchanges. At present this is done electromechanically; the Pye electronic directors are cheaper, smaller, more reliable and easier to adapt to changes in routes and codes.

This is the largest single order for telephone exchange equipment yet received by Pye TMC. The units will be made at the company's factory in Airdrie, Scotland, which two years ago reduced its workforce by 1,200 to 600 people.

For telephone users, the new equipment should mean fewer wrong numbers. At the heart of the Pye units are tiny integrated circuits of the metal oxide semiconductor, large-scale integration (MOS-LSI) type which are claimed to be the most advanced of their type

EEC investment bank agrees on expansion

Luxembourg, June 20.—EEC finance ministers agreed in principle that there is scope for a substantial increase in the activities of the European Investment Bank (EIB), of which they are governors.

But final decision, including that on a substantial increase in the nominal capital of the Community's long-term financing institution will not be taken before 1978, an EIB spokesman said.

The spokesman, as well as several ministers, insisted that the size of the possible increase in EIB's capital was not mentioned by the governors when they met today.

M. Gaston Geens, Belgium's Finance Minister, told reporters that he is certain that EIB's capital will be raised next year. The EIB governors' agreement came after suggestions by Mr Callaghan, who, as President of the Community Council, said the EIB's activities should be extended.

Mr Callaghan's suggestion for increased EIB activity was part of a general call from government chiefs at their last Rome summit meeting. This sought Community action to help to reduce unemployment, to encourage a higher level of capital investment in member

states and to promote a greater degree of balance in their economic performance.

The governors decided in July, 1975, to raise EIB's nominal capital to 3,543m European units of account (about £2,300m) from 2,025m units. The increase, to be paid in by the nine member states, is being carried out in eight half-yearly instalments in members' national currencies.

EIB officials said it was significant that the bank's capital increase now appears certain next year, even though the four-year period over which the previous increase is staggered does not run out before 1979.

An EIB communiqué said that the bank's annual operations had risen threefold between 1974 and 1976, and nearly doubled in real, or inflation-adjusted, terms.

Taking EIB's past experience into account, the governors are sure that a continued increase in the bank's activities over the next year can be achieved, the communiqué said.

To this end, the governors agreed to take the necessary decisions at their 1978 annual meeting on the amount and timing of the bank's capital which may be needed to support a higher level of lending.

Yard claims wrongful receivership

Solicitors acting for Phoenix Shipbuilders of Beverley, Yorkshire, announced yesterday that writs have been issued against the Yorkshire Bank and against the receiver whom the bank put into the company, alleging the wrongful appointment of the receiver and claiming damages.

The receiver, Mr William Mackay, a partner in a London firm of accountants, took over the management of the Beverley shipyard on May 27.

Three days later, 64 workers were made redundant and subsequently the managing director was dismissed. The company has claimed all along that it is solvent. While it owes the Yorkshire Bank £739,000, it has assets of £1.2m, principally Saudi Arabia, owe it about £1m.

The company solicitors said they had received undertakings that none of the company's assets would be disposed of, and an injunction was being fought in the high court on Friday for the removal of the receiver.

At present, Phoenix Shipbuilders has four vessels under construction as part of a Saudi Arabian contract.

In brief Sainsbury dispute peace plan

A peace formula to end the unofficial dispute which has disrupted grocery supplies to many branches of Sainsbury's was reached yesterday at a London meeting of the Advisory, Conciliation and Arbitration Service.

The formula was worked out between representatives of the company and members of the Union of Shop Distributors and Allied Workers and of the Transport and General Workers Union.

The proposals, which are claimed not to breach the pay award, were based on meetings of the strikers at Sainsbury's Buntingford and Basingstoke depots.

About 850 of the Basingstoke workforce are involved in the strike, which has particularly hit deliveries of Sainsbury's cheaper "own label" products.

A Colt Car spokesman said sales of the trucks might be before the end of the year. Colt Car is 49 per cent owned by Mitsubishi Corporation, Japan. The majority interest is held by British businessmen.

Taiwan launches its first supertanker

First supertanker to be built in Taiwan, the 445,000-ton Burmah Endeavour, has been launched at Kaohsiung, marking Taiwan's entry into the major league of competitive shipbuilding.

The \$75m (about \$45m) vessel, the first ship built by the China Ship Building Corporation, is owned by the American corporation, Garco, Oswego, which has also ordered another of the huge crude oil carriers, the SSRC.

Burmah Oil is leasing the Burmah Endeavour and its sister ship on 20-year charters from Oswego.

N Sea oil countries to discuss rig safety

Ministers from seven countries with North Sea coastlines will meet in Oslo tomorrow to discuss the safety of offshore oil installations in the light of the recent blow-out on the Ekofisk field in the Norwegian sector of the North Sea.

He will be represented by Dr J. Dickson Mabon, Minister of State for Energy, and Mr Stanley Clinton Davis, Parliamentary Under Secretary of State at the Department of Trade.

LETTERS TO THE EDITOR

'No champion' for BP shareholders

From Mr H. H. Sebag-Montefiore

Sir, Your Financial Editor in his column today, "Deciding where the BP shares will go," reminds us that, had this been an issue by the company, Stock Exchange rules would have restricted preferred rights to shareholders and BP employees but, of course, this is no ordinary issue and the Bank of England and Lord's Commissioners of Her Majesty's Treasury have decided to make available blue forms for 65,000 occupational pension funds, green forms for 28,000 BP employees (some of whom I suspect may decide not to avail themselves of their opportunities) and yellow forms for the sub-underwriters who, no doubt, will leap at the chance and have already I believe applied for 42 per cent of the entire offer.

As a shareholder I received direct from the company a white form but this confers no preferential status and thus puns us in a deferred or depressed class.

Shareholders in oil companies who have stood by loyally in bad times as well as good, subscribed additional sums when they were needed, seen their tanker fleets laid up at great cost and waited patiently while expensive litigation battles have been fought, have learned to expect that their board of directors are not prepared to act as their champion.

So who can we look to if neither you nor the Stock Exchange are prepared to demand fair play for us? HAROLD H. SEBAG-MONTEFIORE, 2 Paper Buildings, Temple, EC4.

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From Miss B. J. Cranter

Sir, In "Business News" today (June 15) you report that in

order that these BP shares should be spread as widely as possible in the United Kingdom, being given to United Kingdom occupational pension schemes as well as employees of the I group.

Upon inquiring from I whether shareholders like myself are to be given the same preferential treatment, I applied to increase our holding. I learned that we are not included in this Government/Bank of England decision. Although we are to receive a prospect through the post, the accompanying application form will exactly the same as is available to non-shareholders. Will this discrimination against existing shareholders?

Yours faithfully, BETTY CRAWLER, 502 Hawkins House, Dolphin Square, SW1. June 15.

Farm wages in Common Agricultural Policy debate

From Mr Stephen Meyler

Sir, In "Business News" (June 15), a review of Professor Hutchinson's "Knowledge and Ignorance in Economics" and later refers to "... a science which fails to produce accurate knowledge because of its 'selective incentives'."

Farm workers in the United Kingdom are recognized as amongst the lowest paid, under the policy that Mr. Godley and Mr. McCarver are proposing, the nation would be fed partly at the expense of low-paid workers and farmers abroad.

There is another aspect. In recent years there has been much discussion about the morality of so-called "factory farming" and other intensive methods of livestock production. It is not the case, as Mr. Godley and Mr. McCarver suggest, that the EEC could "selectively" not be equally moralized and it would be hypocritical in the extreme to import meat from other countries which are not so moralized.

Before we joined the EEC, the possibility of dumped food, brought from the same kind of threat to British farming that is currently affecting the textile industry and, in the

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Workers would support idea of 'freeport'

From Mr R. Myddelton

Sir, The June 16 issue of *T. Times* reports Professor Per Hads's suggestion that "freeports" be established in some selected areas of inner city as a possible last-ditch remedy for urban difficulties. Such areas would be outside U.K. exchange control and custom duties and free of U.K. social services, industrial and other regulations.

The brevity of your report perhaps reflects the virtual impossibility that politicians or any party might even consider such an idea. Even if they would, it would be too successful.

I personally believe that establishing a number of worker as well as entrepreneur freeports, would actually be a present, over-regulated "more economy". Even a small experimental "freeport" scheme might confirm the desirability of the idea. It is a pity that the Professor has not referred to the fact that

ROGER MYDDELTON, 41 Arlington Road, London NW1 7ES.

A rates burden

From Miss M. C. Hunter

Sir, Perhaps someone can explain to me why, after having tried assiduously, but unsuccessfully, to leave a modest, but not unattractive, commercial property to gain the £10,000 sum which has in the past supplemented my income as a freelance translator, should be further penalized by being asked to pay out on property worth of £412,200 a sum of £25,700.

The shop/office is only part of the property. I live in a remainder, paying normal rates. I am entirely self-supporting and, although this may be over-optimistic, I have a mortgage and freehold—both belong to me.

MARION HUNTER, 67A Carshalton Road, Sutton SM4 4LE, Surrey.

JOHN BRIGHT GROUP

"A major expansion programme"

The 54th Annual General Meeting of the John Bright Group Limited will be held in London on July 13, 1977. The following is a summary of the Chairman, Mr. I. M. D. Forde, for the year ended April 2, 1977.

Turnover increased from £18.6 million to £20.7 million and pre-tax profits from £1,180,258 to £1,253,235. Profits after tax were £800,471 as against £586,429. The total dividend for the year is 2.42p—an increase of 10% which is the maximum permitted.

In our Industrial Textiles Division the demand for conveyor belting fabrics was weak, but a substantial overseas contract contributed significantly. Sales picked up steadily after Christmas and the second half of the year in fact showed an improvement over the same period of the previous year.

Our investment last year in a second fabric treating machine has proved to be timely, and steps have been taken to establish a more positive presence in the Common Market leave us well placed to take advantage of any recovery when it comes.

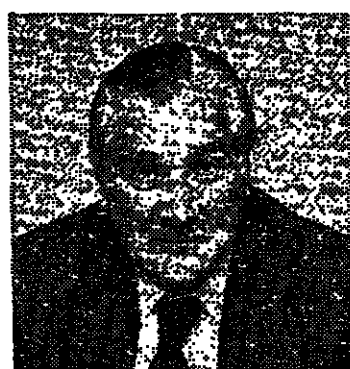
A major new investment programme in the Industrial Textiles Division on the building of new Weaving Shed and the purchase of new looms will increase our capacity and strengthen our ability to meet the requirements of the changing markets which we seek to supply. Further expenditure is planned next year, and the whole programme when completed, in addition to the Fabric Treatment Unit already commissioned, should give us the most modern integrated plant of its kind in the United Kingdom and possibly the whole of Europe.

During the year the weight of stock held in the Group was reduced by some 10% but increased by 30% in value. Although our cash flow has been satisfactory, the Board decided to arrange a medium-term loan for £1 million to ensure that finance will be available for the new capital investment without placing further strain on our working capital position.

Our Spinning Division's performance was particularly encouraging in the light of the depressed state of the spinning industry generally in the country, and our carpet yarn spinning unit at Park Mill continued to show steady improvement.

In our Cord Fabric Division, production and deliveries increased substantially and this level should continue at least for the early months of the present year.

The progress of the Group during this current year will depend in large part on the timing of business recovery on a world scale, which is itself unpredictable. We have, however, launched a major expansion programme and this is the clearest evidence of the Board's confidence in the longer term outlook for the Group.



Hill Samuel Group

A creditable performance in difficult conditions

Highlights

of the year by the Chairman, Sir Kenneth Keith

This has not been an easy year for your Group, because of the environment in which we have had to operate. Inflation has continued apace and overall demand for bank lending has remained sluggish; these conditions have had their inevitable effect upon costs and income.

In all the circumstances, I believe that your Group performed with credit. We have maintained a strongly viable business in all our main areas. We have continued our international expansion, which I am sure will produce benefits in future years. We have once again demonstrated the value of having a wide spread of business activities, which has ensured a general overall protection for profits. The increased profits of Hill Samuel Insurance & Shipping during the past year almost made up for the decrease in merchant banking profits. This wide spread of activities should ensure both stability of performance and quality of earnings in future years.

Merchant Banking

Loan demand remained weak and because of this and the results of some overseas subsidiaries, profits did not equal last year's record levels. Investment banking, however, had an extremely busy and successful year with operations undertaken for a wide spread of corporate clients both in the United Kingdom and overseas. Project Finance had a record year with the total of loans arranged up by 59%.

The outcome of the year for Hill Samuel Investment Management was satisfactory with total funds under management increased to over £1.2 billion. The continued expansion bodes well for the future.

Results

for the year to 31st March 1977

Sources of profit—after tax	1977 £000	1976 £000
Merchant Banking	4,898	5,436
Banking*	4,206	4,301
Investment Portfolio	191	600
Investment Management	501	535
Insurance and Shipping	3,045	2,590
Less:	7,943	8,026
Loan interest payable	1,231	1,042
Profit before extraordinary items	6,712	6,984
Extraordinary items†	821	(131)
Group profit for the year (after tax and extraordinary items)	7,533	6,853

* after transfer to reserve for contingencies.

† including exchange differences but after a transfer to banking reserve for contingencies of £1.75 million in 1977 only.

Insurance and Shipping

Lowndes Lambert Group increased its pre-tax profits in insurance broking and employee benefits by 39% to £4.68 million. Lambert Brothers Shipping showed pre-tax profits from shipping services of

BY THE FINANCIAL EDITOR

Insiders: time to grasp the nettle

ain the seeming impotence to be do anything about insider dealing, highlighted by a statement from over Panel on the Royal Sovereign Robinson affair.

tedly, there is a mild rebuke from Labour the standard of Royal Sovereign security and what actually an "insider dealer" was made difficult in this particular instance. Impression remains that because of les involved in stamping out insider under the present system of self-n the authorities are content to let a question ride.

y tacit admission of this seems to the recent Panel-Stock Exchange for a code of conduct for com- price sensitive information.

here is one issue on which all views the City and in politics are united, undesirable of insider dealing not use well-publicized cases invite om outside but because such prac- rere with the smooth operation of

is inception, the Panel has worked ctively than many dared hope with- oning of the code plugging the gaps developed. So it is a matter of x the nettle of insider dealing has been properly grasped. The time has come to grips with this unsavoury the City securities market. There is to be made somewhere and the a better.

oyce/Fodens

for a
offer

ce Motors' bid for Fodens will to its second phase today. The ss of its intentions has never been . But the level of acceptance is -adicate that the first attempt- sed yesterday has undershot the y rather more than either the y advisers would have liked. oblem for RRM now is how much an afford to pay. Fodens' rejection -rod a nice line between giving enough information to support at enter offer and giving RRM too p in deciding what its next step, so far there has been no incentive institutions to accept on income and the circumstances in which -prepared to support the company rection of preference capital two, when they voted for a long haul

ser Ullmann sights land

left of the secondary banking on continues to make its way financial deeps to that far bourne, Bty. Some of the survivors—UDT -continue to make it by way of -ot; others, now find themselves be shallows, still vulnerable to the wave—rising interest rates, for but touching bottom and gaining -nce by the day. Amongst this story is Keyser Ullmann.

still has a lifeline out to the a shape of the standby facility e of the clearing banks of which es to make use—to the tune of 0m. The lifeline went out when tes rose last autumn: it stays out he group is beginning to expand -ses—other than property. This it show up, though, in either the et of that date.

for the year show a loss, before y in line with that of the preced- ouths at £5.3m—and that after 1975-76) to cover the cost of assets on which the return is teate on one exit.

the figures for 1976-77 mask a ovement in the second-half of the n the £6.7m of additional provi- he first six months was turned awback of £200,000 on foreign

trading level; it is true, there is igh change, with a profit in the first-half accelerating to the second six months. But such

to recovery, possibly means that a short-term price gain is less important than it might otherwise be.

That will not hinder their accepting a higher offer, however, particularly if it is thought that Fodens may run into cash shortage problems or have to limit production below the level of demand. Profits were moving up very sharply in the second-half of last year and by far the greater part of the £1.7m total should show straight through to reserves as a result of the available tax losses.



Mr. Ian Fraser, chairman of Rolls-Royce Motors.

Borrowings, if changed, should be slightly down at around 75 per cent of shareholders funds, but the faster stock turnaround that was achieved last year and greater debtor/crator control will not reap the same benefits again.

The break-even point was passed around 30 vehicles a week in the first-half and from then on, profits began to flow in quite fast. But the questions for this year are whether the further benefits from increased sales will create sufficient cash flow to fund a growing working capital requirement.

The fact that so far Fodens has performed better than RRM has expected is likely to whet its appetite further rather than reduce it. This is essentially a diversification into a new, but added specialist engineering field to the three it is already in.

The arguments that Fodens produces to convince that it can compete in a market dominated by the large European producers such as Volvo, Mercedes Benz, and Fiat, is not an argument for its independence from RRM—as RRM needs the same arguments to convince it can make a success of a combined group.

Either Fodens is right and its niche in specialist manufacture is realistic or it will die either with RRM or without it. The scope for rationalization through RRM's 17 per cent holding in Gardner, may be there but no votes should be cast because of it.

This bid will be decided on price and income, and RRM has perhaps more scope to raise its offer, given Fodens' performance, than it thought it had.

improvement as there was achieved despite the autumn rise in interest rates, which cost the group some £500,000, continuing losses to the tune of £1m a year by the housebuilding subsidiary Dennington, and the fact that none of the profit on selling off property assets—against which the group's advances were secured—were taken into the profit and loss account—they were transferred to general reserve, instead.

That isn't, of course, the case with the balance sheet which—largely in consequence of the £20m of property sales during the year—shows total advances down from £152.7m to £141.8m; property accounted for some £60m of that, and subsequent sales—£10m in the bag and another £8m under negotiation—will have reduced that further.

Some of those sales have been made at prices good enough to ensure that the £6m still available from provisions against an income shortfall will not be needed, or at any rate, not in full; which means, write-backs this time.

Dennington remains a running sore, but elsewhere lower interest rates and increased letting income should ensure that first-half profits this time are at least £1m higher than they were last year; and given replacement of the high cost clearing-bank money by money market deposits, the gain would be much higher.

By implication the prospects for the dividend—trebled to a nominal 1p gross a share—are better than they have been for the past three years. Of itself that doesn't make the shares—up 2p yesterday to 35p—a buy, but it certainly adds to their other, more speculative attractions.

David Blake examines the West's slow and painful recovery from recession

Western economies going nowhere very fast

Almost exactly a year ago, the 24 most important industrial nations in the West met in Paris and endorsed what was designed to be a common strategy to guide them out of the economic crisis which had threatened to engulf them all.

During the 12 months since that strategy has been frequently discussed and endorsed, little more than a week ago it was endorsed yet again by a panel of eminent economists who said that its target, of achieving something like 51 per cent growth over the five years to 1980 was indeed feasible.

On Thursday of this week the same 24 nations, all members of the Organization for Economic Cooperation and Development, will meet again in Paris.

With almost half of the period covered by the "medium-term strategy" now over, how well is the West shaping up to the task which it set itself? How well is it likely to do in the coming years? And do we need to look again at the route we are following?

The answers to those questions are: not very well, a little bit worse, and probably—but it's hard to see what we should do instead.

For, technically feasible or not, it is becoming clear that there is no real chance that the western nations will be able to follow the path which they charted for themselves. We have already had growth in 1976 well below the level set as the average for the five-year period as a whole, at 31 per cent instead of around 51 per cent.

In 1977 there seems to be a general agreement that growth will be around 4 per cent; and although the forecasts for 1978 are still at a formative stage, the first indications are that growth next year will be slower than this.

This is not a collapse of the sort which we saw in 1974 and 1975; but it does imply that the western countries will, with the possible exception of

America, experience slowly rising unemployment for as far ahead as we can see. More disturbingly, the longer this slow growth goes on the harder it will be to achieve a up- turn. For the long years of stagnation are having their effect on investment, making it even harder to get growth in later years.

What we are seeing in the West is a "growth recession". It is an ugly term for a not particularly pleasant phenomenon. Output is rising, and may be expected to go on doing so, but at a slower rate than would be required to bring down un- employment, given the rate of expansion of productivity, and of the labour force.

If we were looking at the western economies 10 years ago such a development might have seemed quite normal at a time when inflation was running at over 8 per cent and rising. We have all learned of the dangers of worrying too much about a percentage point here or a half per cent there on the rate of growth and the "fine-tuning" which follows.

Worries against trying to smooth out the path of recovery too much are frequently made at the moment by those in countries such as Germany who have come under most pressure to reflate their domestic economies to give a boost to domestic demand. The key difference, though, between discussion of fine-tuning at normal times and now is the extent of unused capacity of all kinds in the western economies, with nearly 16 million unemployed.

The avowed aim of the western nations is to move slowly and steadily back towards something closer to full employment without triggering off a renewal of the rapid inflation which was apparent in 1973 after some years of excessive stimulation of demand by oil price rises.

It is to achieve this recovery, the medium-term strategy was originally worked out. It was a pledge to fulfil their role in it by the "Big Three" which was stated to be the great

DISCOMFORT INDEX - SEVEN MAJOR COUNTRIES*

Year	Unemployment rate (%) (1)	Increase in consumer prices (%) (2)	Discomfort index (1) + (2)
1959	3.8	1.2	5.0
1960	3.4	1.7	5.1
1961	3.6	1.8	5.2
1962	3.1	2.1	5.2
1963	2.9	2.3	5.2
1964	2.2	2.0	4.9
1965	2.7	2.6	5.3
1966	2.5	3.2	5.7
1967	2.6	2.8	5.6
1968	2.7	4.0	6.7
1969	2.8	4.3	7.5
1970	3.1	5.6	8.7
1971	3.7	5.0	8.7
1972	3.7	4.4	8.1
1973	3.2	7.7	10.9
1974	3.7	11.4	17.1
1975	5.4	11.1	16.5
1976	5.3	8.1	13.4
1980*	(4)	(5)	(9)

*Taken from "A Growth Scenario to 1980", OECD Economic Outlook, Number 19, July 1976.

economic achievement of the recent London summit.

Yet there is indisputable evidence that the targets set under that strategy are not being met: nor are they likely to be during the next few years. The locomotives of western expansion just do not seem able or willing to get up steam. It is not just these countries, however, which are not meeting the targets set for them. The discipline of growth for fear of inflation has been imposed in the longer run, but that is not at the centre of the case. At the heart of the position, of those urging caution is that inflation has got out of control once in the past decade and could easily do so again.

The weaker countries' with their higher inflation and greater problems with their balance of payments had to scale down their growth ambitions earlier in the year. So strong and weak alike, either through negligence or design, seem likely to undershoot the rate of growth they would have to achieve if they were serious about the policy.

promise and performance, the western nations have only two serious options, neither of which they seem willing to take. One would be to accept the need to allow growth to

remain slow for many years to come and learn to live with it. This is broadly speaking the approach advocated by the Bank for International Settlements in Basle. Its annual report is clear in what it thinks has gone wrong and on the need to give the fight against inflation top priority.

If inflationary expectations are seen as the major constraint on a return to higher rates of growth this would in the longer run lead to faster expansion as well; but that is not at the centre of the case. At the heart of the position, of those urging caution is that inflation has got out of control once in the past decade and could easily do so again.

Such a policy would mean accepting a high level of unemployment for many years to come, and would probably

also involve accepting the risk that the present slow growth could go even slower, though it would not necessarily do so.

It essentially involves saying that there is very little that can be done to make the western economies perform better over the next few years. Governments would then have to focus their attention on the way they were prepared to give the unemployed problem on measures for making it more tolerable and for sharing out work in some form.

There are some signs that a number of governments are already beginning to think along something like these lines.

The other option which governments have it to make a real effort to carry through the policy which they are supposed to accept. Such action seems very unlikely actually to be taken. It would require, in the first place, a degree of co-operation which has so far been strikingly lacking and a consensus on issues which have been glossed over to date.

At the summit level there has been much talk of the need to work together; at the practical level the gap between those who believe in more expansion and those who want to hold down growth for fear of inflation has never been bridged. Nor indeed is it realistic to expect that it would be.

It may make sense to say that some countries such as Germany and Japan should concentrate on growth, and that others should go on fighting inflation; but such a policy is almost certainly too complex to work.

It is now too late for the West to hope to get back on its path for growth to 1980 even if it wanted to. The best that those who favour such a course can hope for is to limit the extent to which they fall behind. Instead, they seem determined to spend their time pre-empting that everything is really planned, and that they are not.

Roger Vielvoye

Pouring oil on Opec's troubles

The prospect of the Saudis being able to control the amount of oil available on world markets to emphasize their strength with Opec, continues to cause concern among members.

for nearly all Saudi production, are studying the repercussions of a decline in output.

Last December, after Saudi Arabia and the United Arab Emirates had split the ministerial meeting of Opec over prices, Shaikh Ahmed Zaki Yamani, the Saudi oil minister, called a hasty press conference and announced that the Saudis would be accompanied by an end to the 8.5 million barrels a day limit on output.

On paper, Aramco had the ability to increase production very rapidly to over 11.5 million barrels a day, action that if implemented could have disrupted the oil markets and forced the other 11 members of the organization that had decided to increase prices by 10 per cent, to fall back in to line with the Saudis.

In the event, the threat to other Opec members from a flood of cheap Saudi oil never materialized. Aramco's output only once has topped the 10 million barrels a day mark.

for an entire month during the 50 and a half months of the two-tier system. Bad weather at the Saudi export terminals in the Gulf interrupted output and was followed by a serious fire plus a continuing suspicion in some quarters that not every body in the Saudi Government was happy at the idea of a free for all on oil production, or about its possible consequences for the future of Opec.

Nevertheless, the prospect of the Saudis being able to control the amount of oil available on world markets to emphasize their strength within Opec, continues to cause concern among members. This was demonstrated recently in contacts between the Shah of Iran and King Khalid of Saudi Arabia when the willingness of the 10 per cent increase in Opec to forego a further 5 per cent rise from July 1 was confirmed.

The Shah said he hoped that the Saudis would not increase production to the point where it hurt other Opec members.

The question of oil produc- tion ceilings is a delicate one. Industry sources expect that

for the Saudis. Now that an end to the split over prices is in sight, there is no need to make that Opec partners nervous by the lack of any controls on output. On the other hand they are aware that unless their output moves steadily forward, the industrialized nations will quickly run short of oil.

A recent study by the Workshop on Alternative Energy Strategies warned that unless the Saudis allowed their production to increase without production ceilings, demand for oil could exceed supplies as early as 1981. Once new oil producing areas like Alaska, the North Sea and Mexico reach their peak in the early 1980s, Saudi Arabia will be the only country capable of meeting any significant increase in world oil demand.

Renewal of the production ceiling at 9.5 million barrels a day should not cause any problems on the supply side now that Alaskan production is about to begin and output from the North Sea is rising daily.

after lengthy deliberations a new system of production ceilings will emerge but they will be flexible and will allow the Saudis to ensure there are no shortages on the world market without antagonizing their Opec partners.

Meanwhile, an announcement can be expected shortly from Opec headquarters in Vienna confirming that the eleven members due to increase their prices by 5 per cent from July 1 will forego the rise. The group reached broad agreement on this strategy some time ago but has been waiting for an indication from the Saudis and the UAE that reciprocal concessions would be forthcoming.

However, while prices were due to rise on July 1, the next full ministerial meeting of the organization is scheduled until July 14 in Stockholm when any compromise on the two-tier system can be officially rubber-stamped.

Some of the more hawkish members of the organization will again be trying to gain a firm commitment to another general round of price rises probably in the new year although they doubtless would like them in the autumn when the industrialized world begins to build up its stocks for the winter.

In presenting this argument, countries like Iran and Iraq will be able to put the case even with a 5 per cent increase by Saudi Arabia and the UAE during the second half of the year, the overall average rise in Opec prices during 1977 will be 9.2 per cent—well below the expectations of most industrial countries at the end of last year.

Business Diary: Price Commission's Williams • Blyth spirit

It's easy enough to in the City who, for some, dread the early the Tories, Labour ke Charles Williams

re people with industrial experience were Roy Hattersley, ry of State for Prices mer Protection as of the reconstituted mission.

re of Williams as the o, the retiring con- chairman, Sir Arthur will, however, be as al in Labour Party as business circles.

been considered as the "safest seat in at Vauxhall, the London constituency George Strauss re- next general elec-

a managing director at bankers Barings kipped out of the Vauxhall last year within the constitu- where he was the liason officer.

didacy was subse- to Stuart Hol- turer in politics at verity.

however, more to an row at Vaux- a founder-member a vice-chairman of Economic Finance n Association, a post w relinquish.

he joined BP as a trainee after O- joined Barings in dizing in corporate

Essex and the MCC. He was bowled out when he stood as Labour candidate for Colchester in 1974.

Williams and Hattersley were greeted by boos when they arrived half an hour late for a press conference at the Department of Trade yesterday. Hattersley apologized but gave no reason.

Williams, he said, would be taking "a very substantial" salary cut in the new job. He will be paid £18,000, £1,150 or 6.4 per cent more than his predecessor, in view of the "more exacting" nature of the new commission's work.

The new chairman, evidently ill at ease, declined to discuss how early or how late he had been approached by Hattersley.

I rather like a job advertisement I saw in the papers yesterday. "Fluency in more European languages would be a definite advantage. The post is based at Bolton."

I hear that Charles Blyth is to succeed Peter Lewis as chairman of the reconstituted National Dock Labour Board, and that an announcement can be expected shortly to this effect from the Department of Employment.

Blyth is general secretary of the International Transport Workers' Federation, a London-based body which coordinates the policies of about 350 unions in 80 countries representing about 4.1 million workers.

around the country. Blyth will take over from Peter Lewis, who will head a rush of board's powers proposed by the new Dock Work Regulation Act.

General secretary of ITWE since 1968, Blyth began working life as a seaman on the multi-millionaire tanker owner Ravi Tikoo to pay ITWE rates and backpay to the Filipino crew of the Globik Venus then blockaded at Le Havre.

For years West Germany has been a happy hunting ground for foreign banks intent on expanding their business, and Frankfurt has proved to be the favourite spot for them to set up shop.

But only now has a Swiss bank established itself in Germany's financial metropolis. The Banca del Gottardo of Lugano has opened a representative office in the city under the name "Gothard Bank".

Despite growing internationalism in banking, Swiss and German banks have up to now held fairly firmly to an agreement whereby each side has represented the other in its own territory.

Gothard, which has a balance sheet total of around 2,000m Swiss francs, has ambitions to use its new Frankfurt office as a forward post for developing business in northern Europe.

Already bankers in Germany are wondering whether the underpinning of a rush of other Swiss banks to Frankfurt and a wave of German bank foundations in Zurich.

Anti-marketeers are warning to a new slogan. It's "CAP off!"

Reader A. A. Wells writes to tell us that he has just seen his 1977 Greater London Business telephone directory, only to find that page one has an index to the "cover illustrations", although the cover is largely blank.

"In this," the satirical Mr. Wells, "a new Post Office service whereby not only csa numbers be ex-directory but illustrations as well?"

It is in fact a disservice from RMSO, the directory's printers. An industrial dispute there is pointing paid to the cover illustrations, but not to those inside.

The missing pictures are of the Post Office Tower, New Zealand House, the National Theatre, the Westminster Cathedral shopping precinct, Ivory House and the Mansion House.

When I called the Post Office to ask when some more decorative business directories were to be had, I was referred to RMSO. The man to speak to there (although he was not about when I called) is a Mr Gainsborough—a most appropriate name for anything illustrative, I thought.

One ship repairing firm that will stay outside British Shipbuilders when the industry is nationalized is Clyde Dock

Engineering, which will be only three months old when new shipbuilding corporations comes into existence on July 1.

The company was established by Rab Butler (not the former Tory Cabinet minister) with £100,000 of his own and a similar sum from the Scottish Development Agency, and it acquired the old repair facilities of Alexander Stephen on the upper Clyde.

Butler says that ship repairing does have a profitable future, and is confident that by the end of the first 12 months the company will be "washing its face" financially.

He negotiated a unique agreement with the Confederation of Shipbuilding and Engineering Unions. They have given him and his directors a two-year strike-free guarantee in return for a pledge to maintain a basic permanent workforce (now about 60) each receiving £50 a week whether there is work in the yard or not.

Butler has spent a lifetime in the industry, latterly in Singapore and formerly with the state-owned Ceylon Shipbuilders. His most difficult task, he says, is persuading owners that the new company's prices will be competitive and that delivery dates will be met.

Wonder if Barclays did the right thing in changing the name of their credit card from Barclaycard to Visa? The word Barclaycard, I note, appears in my 1976 Chambers' dictionary, even though it there is full entry for "credit card" elsewhere. They'll be lucky to have "Visa" added to the existing visa entry.

COSALT



Ships chandlery, refrigeration and air conditioning, caravan manufacturing and finance.

Summary of Results 1976

Turnover	£17,750,000	up 46%
Exports	£5,119,000	up 59%
Pre-tax Profits	£1,253,000	up 125%
Earnings per share	13.27p	up 130%
Gross dividend per share	4.23p	up 10%
Assets per share	53p	up 20%

Highlights from Statement by John M. T. Ross, M.A., F.C.A., Chairman, at 104th Annual General Meeting, 20th June 1977.

- ★ Exports—29% of turnover and rising.
- ★ Ships Chandlery—Good demand from both Fishing and North Sea Oil industries.
- ★ Caravans—Further progress expected in 1977.
- ★ Refrigeration and Air Conditioning—Every sign of further advance in sales and profits.
- ★ Dividend—increased for sixth year in succession.
- ★ Prospects—Good, pre-tax profit for six months to June should exceed £1,000,000.

Copies of the Report and Accounts may be obtained from the Secretary, Cosalt Limited, Fish Dock Road, Grimsby, South Humberside, DN31 3NW.

PORTSMOUTH AND SUNDERLAND NEWSPAPERS, LIMITED

EXTRACTS FROM THE HON. RICHARD STOREY'S STATEMENT

Company's Profit:

"Considering the handicap of the inevitably poor trading results in Sunderland, this year's profit may be considered satisfactory. Once it has been possible to resolve the problems with some of the staff and machinery in Sunderland, the Company should be in a position to benefit further from its considerable investment over the last decade."

New Premises in Sunderland:

"The first year of production of the Echo, Sunderland, in new buildings and with new equipment has been a difficult one for all concerned. Much of the composing equipment has functioned inadequately, the public has taken time to become familiar with the new look of the newspaper, and some of the staff have still not adapted to the new conditions. These problems are similar to those which the Company had a few years ago in Portsmouth and I am confident that the new Echo office will become, when the new methods are fully operative and accepted, as successful as The News Centre."

New Equipment for Portsmouth:

"Negotiations have continued for the introduction of new composing and allied equipment for The News Centre, Portsmouth, and some has been installed. An agreement to use the latest technology as effectively in this country as elsewhere in the world is now being sought, albeit very belatedly, from the trade unions by The Newspaper Society. Should such negotiations not succeed, the Company will continue them independently."

Hitherto the Company has always been able to take advantage of the most modern equipment and methods in order to provide the public with as good and as cheap a service as possible. It would be most regrettable were this record to be broken now. Moreover, the introduction of modern composing equipment and high quality presses at The News Centre ten years ago has gradually increased the printing of publications, many of which previously did not exist, for customers under contract, and this has contributed not only to an increase in production staff but also to the payment of above average salaries to the staff. I hope that, by using properly the best technology available, production will continue to expand in each office to the benefit of the shareholders of the Company as well as of its present and future employees and customers."

"Closed Shop" in Journalism:

"The Company has given its full support to The Newspaper Society's policy opposing a 'closed shop' in journalism. It is important for you to know the reason for this determination which arises solely from the fear that a trade union, for its own motives, could influence the content of a newspaper. This would be possible and, indeed, there is some evidence to show it is likely to happen, were all journalists of a newspaper compelled, by a 'closed shop' agreement, to be a member of a particular trade union and be reliant upon that trade union membership for their jobs. Should a trade union so influence a newspaper's content not only would this seriously interfere with the freedom of expression in this country, but it would also prejudice the commercial viability of a provincial newspaper which relies on being able to give a free flow of information in order to render a proper and, therefore, a profitable service to its local community. The Company's Editors, under their contracts of service, are bound to give, and by being protected from undesirable pressures, are enabled to give such a free flow of news; thus for over 100 years now each of the Company's evening newspapers has fulfilled its role of community service. It is essential, therefore, that any Press Charter which Parliament may pass should prevent the operation of a 'closed shop' in journalism."

Advertising Volume Increase:

"Advertising volume increased during the period and current signs seem good, although with retail trade being so dependent upon national economic cycles, local demand is difficult to forecast. Advertising rates were increased early this year and further increases may have to be introduced when appropriate. There has been an encouraging amount of full colour advertising in The News and in the Echo—the latter winning a Newspaper Society production award—and our research continues to show that the use of colour is most beneficial to advertisers."

Productivity:

"In the Company, generally, the endeavour of the staff has been wholly admirable although there have again been some local disruptions called to serve trade unions' national requirements. While such aims are seldom achieved by such disruptions, the latter are to be deplored for the way in which they cause financial loss and staff friction in the Company which strives hard to avoid and cannot afford either."

News Shops:

"I am very pleased to be able to report that News Shops has produced a small profit this year compared to a small but significant loss last year. The experience and expertise is now available so that, if its present trend can be maintained, this subsidiary should become a profitable operation once it has the number of high quality shops it needs."

Staff Involvement:

"Consideration is being given to ways of increasing staff participation in the work of the Company. 'Briefing Groups', as advocated by the Industrial Society, have been introduced to improve communications. The Board is concerned to ensure proper involvement throughout the Company rather than to introduce any new superstructure without the foundation upon which it could rest."

FINANCIAL NEWS

GrandMet stake in Pleasurama may bring joint ventures

By Nicholas Hirst

Grand Metropolitan has acquired a 28 per cent stake worth £970,000 in Pleasurama from financier Mr David Rowland's company, Williams Hudson.

No price has been revealed for the deal but on the unchanged market quotation of the shares at 52p yesterday, Williams Hudson would have been showing a profit of £370,000 on its investment.

Mr Edward Thomas, managing director of Pleasurama, said: "We are very happy that GrandMet has bought the stake which has been floating around for a number of years. We are pleased that they should show such confidence in us."

Pleasurama and GrandMet have a joint venture, the AM Casino in Curzon Street, London, which was bought by Pleasurama, which then offered a controlling 51 per cent interest to GrandMet. GrandMet now manages the casino.

GrandMet, which told Pleasurama it was considering buying the stake before it was completed, has said it is not its present intention of making a full bid.



Mr Maxwell Joseph, chairman of Pleasurama.

Mr Ernest Sharp, joint managing director of GrandMet said: "We believed the stake might have been sold and so we thought we might buy it to protect our joint investment."

Pleasurama recently won a major High Court action against a private company called Chippa Ltd, for £116m. Chippa has since served notice of appeal and Mr Sharp said the prospect of receiving the money had not been an important factor in making the decision to invest.

The stake, which was bought by Williams Hudson just over a year ago at 32p a share was previously held by Mr Noel Miller-Cheevers, who had been appointed a director of Pleasurama, and Mr G. C. Wilkinson. Mr Miller-Cheevers resigned on the sale.

Pleasurama now hopes to have further joint ventures with GrandMet and although no formal requests have yet been made for boardroom representation it is likely to be granted.

Disposal of assets put GRA in the black

GRA Property Trust's £63m sale of its 22.7 per cent shareholding in Coral Leisure last month was completed too late to affect half-year results to end April. Without the interest savings following debt repayment as a result of that sale—savings estimated to be greater than the £534,000 annual gross dividends received from Coral—GRA came in in a half year loss of £171,000. But on asset disposals turn the half-year figures £98,000 into the black.

The Stock Exchange has permitted limited dealings in the shares under Rule 163(2). But it has again refused a relaxing of the stock since GRA has a net deficit of shareholders' funds and, under its scheme of arrangement, it is required to direct any trading surpluses to repayment of its main creditors. Since its eventful 1975 asset sales of £8.8m have been made and 18p in the £ has been paid to unsecured creditors.

This is the fifth anniversary of greyhound racing at GRA's White City stadium and, with steadily increasing interest in the sport, the group's management "remain confident of GRA's ability to trade its way back to solvency and ongoing profitability."

Jokai bidding for Stewart Holl

Jokai Tea Holdings is to bid for the 151,000 ordinary shares (26 per cent) of Stewart Holl Holdings that it does not own including 39,000 shares (6.59 per cent) owned by British Indian Tea (Holdings), which is acting in concert. Jokai will offer one share for every two Stewart Holl, with a cash alternative of £1.10 a share.

Stewart Holl holders will receive the final dividend of 1p on the shares for 1976, and the new Jokai shares will rank for the dividend for the year to March 31.

Setback at Shell's Dutch division

Royal Dutch Shell's Dutch chemicals division is making losses after the small profit in 1976—the group told a works council meeting but gave no figures.

Low prices for some products and idle capacity were to blame. Some markets are reaching saturation and the jump in oil prices in recent years has led to increased use of natural products. But the refinery hopes to make a small profit this year.

Slide continues at Beechwood Cons

A fall of 42 per cent to £205,000 in the second-half left Beechwood Construction (Holdings), civil and mechanical engineers, with pre-tax profits for the year to March 31, of £401,000. This contrasts with last year's record £588,000 and was on turnover down from £7.65m to £7.25m. The total gross dividend was £1.2m, 2.56p to 2.77p. Earnings a share dipped from 3.5p to 3.5p.

Profits at half time showed a drop of 16 per cent to £198,000. Mr Scott-Maxwell, the chairman, blamed this on the depressed state of the construction industry and thinner margins in engineering fabrication.

Doubled figures by Kleen-E-Ze

The improvement in profitability which started at Kleen-E-Ze Holdings, the brushes and cleaning devices group, in 1975-76 is continuing. Although turnover for the year to March 31 rose from £4.87m to £5.91m, pre-tax profits more than doubled to £423,000—up from £218,000 in 1975-76. The total gross dividend was £1.2m, 2.56p to 2.77p. Earnings a share dipped from 3.5p to 3.5p.

Paris loan to fund Cavenham deal

As part of the finance of its recent purchase of shares in Cavenham, Sir James Goldsmith's Generale Occidentale has floated 150m francs of convertible bonds on the French capital market. The 200 franc bonds, which bear an interest rate of 9.75 per cent over 12 years, will be convertible on a one-for-one basis.

Sony pushes second-quarter profit to record £19.6m

Sony Corporation, the Japanese electronics giant, has announced that its net profit in the second quarter to April 30 rose 23.7 per cent to a record £19.6m (about £19.6m).

Net sales for the second quarter also reached a new record for a three-month period. They were up 11.1 per cent to £118,100m from £106,300m a year earlier. Second quarter net earnings per American depositary share rose to 46¢ against 35¢. One ADS equals one share of common stock.

Consolidated net income and sales in the first half ending April 30 also showed records compared with all previous six-month periods.

A Sony official said the company was taking a much more cautious stance in its approach to world markets.

OK Bazaars confident

OK Bazaars (1929), the South African stores group, is confident that the current year sales will show a reasonable increase on last year and exceed the national retail sales growth for 1977-78, particularly with new store openings, the chairman, Mr R. J. Goss says. In year

Briefly

Takeover talks on at Dimplex

A takeover offer may be on the way for Dimplex Industries, the radiators and electrical appliances firm. The directors, who at the end of last month said they had asked for a receiver to be appointed, told shareholders yesterday that talks were on which "may lead to an offer for the shares of the company". A further announcement was promised "as soon as possible". Dimplex has been making losses for two and a half years and had not paid a dividend since 1974.

Meanwhile, at Mone Containers, the chairman told the annual meeting, in reply to a question from a shareholder that the talks referred to in April concerning an offer for Mone were still continuing, although taking longer than expected. A further announcement will be made in due course. Mone's shares slipped by a penny to close at 22p.

SILENTNIGHT HLDS

Board states that three months' management accounts in current year indicate profits should be ahead of last year.

SIMON ENGINEERING

Overall results for 1977 expected to be better than previous year.

LDN

Chairman states earnings are running ahead of those at the same time last year.

THOMAS LOCKER

Chairman confident group will receive another record result this year.

STANDARD FIREWORKS

Home trade order book satisfactory and firm orders for export considerably increased with definite prospect of further business in coming months.

VYLE CATTO

Holders of 553,723 7½ per cent convertible loan stock 1983 to 85, have lodged notices for conversion of their stock into 1.2m ordinary shares. The company proposes to exercise its right to repay the outstanding stock totalling £125,000, subject to the trustees' approval.

JOHN STEPHEN OF LONDON

Board has agreed to accept a surrender of the £196,000 9½ per cent convertible loan stock 1973-75 for no payment whatsoever. A judgment against company previously obtained for repayment of this stock is to be set aside as a term of the settlement, and all proceedings are to be withdrawn.

BRIDPORT-GUNDY

Company to acquire 90 per cent issued share capital of Brownell & Co., and whole of Brownell Net Co., both of Connecticut.

YUGOSLAV LOAN

ECGD has guaranteed loan of £5.5m to help finance 54,400 sq metres awarded to Farrel Bridge to supply machinery for vehicle tyre factory, near Belgrade.

SE60 FOR HELLENIC

Greek Government has guaranteed loan of £6m to Hellenic Aerospace for construction of aircraft maintenance installation.

Merrill's Panama operations are ready

By Ray Mangan

Merrill Lynch International, the New York-based broking and financial services group, is now ready to launch its Panamanian commercial banking operations.

Following the "cleaning up" of its balance sheet, the group's bank in Panama is in a position to become a more effective participant in the short and medium-term international credit markets.

The link in Panama stretches back into the mists of time, the chairman of Merrill Lynch International, Mr Harry R. Anderson, explained yesterday. But since 1958 Merrill Lynch has been operating a broking company to serve as a channel through which the group could supply capital to its overseas operations and to which it could return the earnings from these operations.

The capital resources in Panama had reached \$76m by December last year, which was thought to be the "critical" level of the capital requirements of the international securities market business being supported.

The Panama operation owns 95 per cent of Merrill Lynch International Bank, founded in conjunction with Brown Shipley which still holds a 5 per cent stake. Merrill Lynch is hoping that its two banks will operate in tandem in the international banking field to make deposits and grant medium and short-term loans. The natural clients for the "tandem services", Mr Anderson said, would be multinational and Japanese borrowers although he admitted that various governments are currently the world's largest sources of finance.

But, as he pointed out, "we want to compete effectively with financial institutions that can offer a borrower the full range of investment and commercial banking services."

Panama will be very much the "silent partner" at first in the granting of credits and in the participation in internationally syndicated loans. Yet Merrill Lynch has been impressed by the financial community evolving in Panama—"Little Wall Street" as this community is now described. Panama also offers the advantages of a dollar currency, maximum tax rates of 30 per cent and no liability for international offshore operations.

Chamberlain Phipps firmly on road back

By Victor Feistead

Chamberlain Phipps has turned the corner with a vengeance. The first-half recovery, as expected, has continued into the second—with the result that turnover expanded by almost 30 per cent to £45.85m in the year to March 31, while pre-tax profits trebled from £693,000 to a record £2.1m. The total gross dividend rose from 2.67p to 2.94p, the maximum allowed.

Mr W. R. F. Chamberlain, chairman, explained that the shoe components and Phippe-Faire divisions had "excellent" years. The moulding side had poor results in the first three quarters, but after a reorganisation recovered "strongly" in the final three months.

These divisions made good progress with footwear manufacturing, but only 45 per cent of the group's sales went to United Kingdom footwear manufacturing industry.

Chamberlain's general manager section made a "significant" contribution to the group's growth and remains an important part of the group's growth strategy.

With trading since April "satisfactory", the chairman optimistic on the current year and the change in treatment deferred tax has been a major strengthening of reserves. £1m a share dividend of 0.91p in 1976. In spite of 30 per cent rise in sales, a drop and short and long borrowing rose by only £268,000. Of total sales, 68 per cent went to United Kingdom markets, 16 per cent were exported, which jumped by 81 per cent to £7.24m. And 16 per cent made by overseas companies.

Seaford made a record tax profit of £1.09m in 1976 but then slumped to a loss of £233,000 in the following months and then to one of £367,000 in 1975-76.

Domestic sales were virtually unchanged at £17.6m, in half-year, compared with £1.7 last time, while exports almost doubled to £8.4 against £3.35m.

At the trading level, Seaford's net loss fell from £140,000 to £117,000, while the Milano Fashion climbed to £38,000 to £129,000. It has decided to dispose of Mills.

So long as the Temporal Employment Subsidy remains in force in the United Kingdom, it is going to be "extremely difficult" for the group to make any headway. But board still hopes to earn a profit in the second half, possibly. If some form of Government counter-measure to the United Kingdom's TES forthcoming.

Mr Walker's Seafield sales to six friends

Hard market heats went monetarily adrift on news that George Walker, 47-year-old brother of former boxing champion Mr Billy Walker, and Chief Executive of Brent Walker, has sold a lot of shares.

He has disposed of 600,000 or around 11 per cent of the listed company's total equity. But he still has 20 per cent left.

Mr Walker told Business News that the sale did not mean any loss of confidence in the group. He explained: "The shares went to six associates, people with which Brent already has friendly business connections. So I think that the deal will be beneficial. By buying the shares from me, no untoward movement was caused in the stock market and the parties were happy to negotiate at 25p a share."

He added: "The deal was actually arranged three months ago and was blessed by the Panel. I was then to accumulate Brent Walker shares again."

The deal was struck at 25p when the shares in the market were only 23p. Mr Walker has hardly profited from it. The shares are now 30p so the associates now have shares worth £180,000, less before expenses and gains tax they have already cleared a profit.

WHITBREAD AND COMPANY LIMITED

Extracts from the Statement for the year ended February 26, 1977, by the Chairman, Mr Alex Bennett.

"A successful year....our investment plan over the next two years amounts to some £116m which should certainly create increased employment.....but a high level of investment must be dependent on our being allowed to use our skills and enterprise to make good profits."

I am glad to be able to report that your Company had a successful year. In spite of this, our profits over the last five years have still failed to keep pace with the rate of inflation over that period—profits were up 63%, whereas the Retail Price Index has risen by 89%. However, we have managed to reduce the gap this year.

TRADE AT HOME

In this country, we enjoyed the finest summer on record, which resulted in sales peaks in July and August, particularly of Heineken and Stella draught lager and Whitbread Trophy Bitter, and also of canned beers, which were beyond all previous experience.

I should like to thank all our own people, particularly on the production and distribution side, for the way they worked unstintingly during those hectic months, and also our tenants, managers and free customers for the co-operation they showed us, and the untiring service they gave to a thirsty public.

Trading in the second half year was much more difficult. Trade generally deteriorated with the wet and cheerless winter, but, in addition to Trophy, Heineken and Stella, our Gold Label, English Ale and Whitbread Pale Ale continued to make good progress. R. White's soft drinks and Kewings mixers had another successful year, and our wines and spirits operations performed better than the national average.

TRADE ABROAD

In its first full year with us Long John International made a considerably increased contribution to our profits, especially overseas, and this augurs well for further expansion in the future. This progress, together with our good profit recovery in Belgium, a fair start with brewing in New Zealand, our efforts with Mackeson in the Caribbean and in Nigeria, and increasing development of our Langenbach wines in the United States, have all added up to almost 8% of our trading profits coming from abroad. This is good progress towards the larger share that we want to see from overseas and from exports in the future.

OUR RESULTS

Year to February	1977	1976
TURNOVER	£18,473,441,569	£17,000,000,000
PROFIT BEFORE TAX	£2,574,306,657	£2,315,16,542
TAX	20,254,14,115	7,826,7,205
PROFIT AFTER TAX	2,554,086,542	2,307,388,337
DIVIDENDS	16,914,7,939	8,79,6,081
RETAINED IN THE BUSINESS	2,537,171,603	2,299,581,252
EARNINGS PER SHARE	8.79	6.08

PROFIT AND INVESTMENT

During the year, our investment amounted to £47m and our investment plan over the next two years amounts to some £116m, which should certainly create increased employment in industries which serve us. However, the Government has recently made what they term consultative proposals under the new Price Code which give arbitrary powers to freeze price applications for six months or more. If these proposals are pursued, they will destroy the confidence of industry yet again. We wish to make our contribution to the nation's economic recovery but a high level of investment must be dependent on our being allowed to use our skills and enterprise to make good profits. No wise business is going to stick its neck out on investment, faced with an open-ended Ministerial veto on prices.

We hear much vociferous comment from some quarters about industry making exorbitant profits. Five years ago, the average price of a drink sold by your Company was 15p, and the profit after tax on that sale was just under 3p. In the year under review, the average price of a drink sold was 29p and the profit after tax has risen to 1.02p. Where is the evidence of profiteering in such figures? On the contrary, they illustrate that, despite our efforts, margins have declined under the onslaught of inflation.

Our margins as a percentage on sales are lower now than they were five years ago. We are well below our allowable reference levels of profit under the Price Code. Our beer is cheaper, although more heavily taxed than in

almost every other country in Europe, yet the Government has decided to refer our prices for investigation by the Price Commission, the very body that has screened and approved all our price applications over the last two years.

Another point, which may not be generally remembered, is that the Chancellor of the Exchequer was responsible for the larger part of the rise in the price of beer during our financial year.

Demand for canned beers has been increasing and in order to meet this, we have installed a second canning line at Sarnesbury, which will go into production to meet the peak summer sales this year.

CHISWELL STREET
Since my last Report, operations have continued to prepare the whole Chiswell Street site for redevelopment. Substantial progress has been made, and the southernmost part of the site has been cleared to enable construction work to start in that area. We hope to make a final decision about the development within the next month or two.

THE FUTURE

High unemployment and a reduced standard of living are not the most favourable economic conditions for any industry, nor can we really expect a third good summer. Nevertheless, when times are hard people often return to the simple relaxation they can still enjoy at a reasonable price in the pub or at home. Therefore, I still believe your Company, with the strength and quality of our brands and of our management team, and with the sense of purpose we have running high through the business, will give a good account of itself in the year ahead.

MONSANTO COMPANY AND SUBSIDIARIES

Statement of Consolidated Income

(Dollars in millions, except per share)

	Three Months Ended March 31	
	1977	1976
Net Sales	\$1,306.1	\$1,173.6
Costs and Expenses :		
Cost of goods sold	871.2	769.8
Marketing and administrative expenses	104.2	92.2
Technological expenses	48.1	39.7
	1,023.5	901.7
Operating Income	282.6	271.9
Income Charges (Credits) :		
Interest expense	21.7	17.4
Other—net	(1.8)	(11.4)
	19.9	6.0
Income Before Income Taxes	262.7	265.9
Provision for Income Taxes :		
Current	101.0	105.1
Deferred	13.3	3.9
	114.8	109.0
Net Income	147.9	156.9
Deduct—Dividends on \$2.75 Preferred Stock	0.3	1.1
Net Income Applicable to Common Stock	\$147.6	\$155.8
Earnings per Common Share :		
Primary	\$4.01	\$4.40
Fully Diluted	3.95	4.19
Cash Dividend per common Share	\$0.70	\$0.65
Depreciation, obsolescence and depletion for the three months of 1977 and 1976 amounted to \$56.7 and \$47.0.		

Wall Street

[illegible]

Markets

[illegible]

Foreign Exchange

The dollar edged higher against some major European currencies in the last trading yesterday while the guilder remained steady around its midseason levels, dealers said.

Sterling was one point up at \$17.136 25, after trading at \$17.125 after average earnings fell 0.4 per cent in April, bringing the year-on-year rise to 10.9 per cent. The effective exchange rate index was unchanged at 61.6.

The dollar was quoted at 2.3395-95 marks against its midseason level of 2.3390-90 and 2.4315-65 Swiss francs compared with 2.4310-20.

Gold was \$0.75 up to close in London at \$139.875 an ounce.

Spot Position of Sterling

	Markets: New York (4.45 PM)	Markets: London (4.45 PM)
New York	23.7140-90	23.7140-90
Amsterdam	23.7140-90	23.7140-90
Brussels	23.7140-90	23.7140-90
Copenhagen	23.7140-90	23.7140-90
Hamburg	23.7140-90	23.7140-90
London	23.7140-90	23.7140-90
Paris	23.7140-90	23.7140-90
Stockholm	23.7140-90	23.7140-90
Switzerland	23.7140-90	23.7140-90
Frankfurt	23.7140-90	23.7140-90
Geneva	23.7140-90	23.7140-90
Madrid	23.7140-90	23.7140-90
Barcelona	23.7140-90	23.7140-90
Valencia	23.7140-90	23.7140-90
Seville	23.7140-90	23.7140-90
Granada	23.7140-90	23.7140-90
Malaga	23.7140-90	23.7140-90
Cadix	23.7140-90	23.7140-90
Alcala	23.7140-90	23.7140-90
Almeria	23.7140-90	23.7140-90
Avila	23.7140-90	23.7140-90
Burgos	23.7140-90	23.7140-90
Caceres	23.7140-90	23.7140-90
Calatayud	23.7140-90	23.7140-90
Castellon	23.7140-90	23.7140-90
Cordoba	23.7140-90	23.7140-90
Elche	23.7140-90	23.7140-90
Granada	23.7140-90	23.7140-90
Huesca	23.7140-90	23.7140-90
Leida	23.7140-90	23.7140-90
Lleida	23.7140-90	23.7140-90
Lugo	23.7140-90	23.7140-90
Madrid	23.7140-90	23.7140-90
Malaga	23.7140-90	23.7140-90
Maracaibo	23.7140-90	23.7140-90
Medina	23.7140-90	23.7140-90
Merida	23.7140-90	23.7140-90
Monza	23.7140-90	23.7140-90
Murcia	23.7140-90	23.7140-90
Napoli	23.7140-90	23.7140-90
Nice	23.7140-90	23.7140-90
Oran	23.7140-90	23.7140-90
Palma	23.7140-90	23.7140-90
Panama	23.7140-90	23.7140-90
Puerto Rico	23.7140-90	23.7140-90
Rio de Janeiro	23.7140-90	23.7140-90
Rosario	23.7140-90	23.7140-90
Santiago	23.7140-90	23.7140-90
Sao Paulo	23.7140-90	23.7140-90
Seville	23.7140-90	23.7140-90
Shanghai	23.7140-90	23.7140-90
Singapore	23.7140-90	23.7140-90
Sourabaya	23.7140-90	23.7140-90
Sumatra	23.7140-90	23.7140-90
Tientsin	23.7140-90	23.7140-90
Yokohama	23.7140-90	23.7140-90

Exchange exchange rate compared to December 31, 1970, on a 100 basis at 61.6.

[illegible][illegible][illegible][illegible]

Eurobond prices (mids)		Bid	Offer
US \$ STRAIGHT			
US \$ 100,000	1983	100 1/2	100 3/4
US \$ 100,000	1987	100 1/2	100 3/4
US \$ 100,000	1991	100 1/2	100 3/4
US \$ 100,000	1995	99 1/2	99 3/4
US \$ 100,000	1999	99 1/2	99 3/4
US \$ 100,000	2003	100 1/2	100 3/4
US \$ 100,000	2007	100 1/2	100 3/4
US \$ 100,000	2011	100 1/2	100 3/4
US \$ 100,000	2015	100 1/2	100 3/4
US \$ 100,000	2019	100 1/2	100 3/4
US \$ 100,000	2023	100 1/2	100 3/4
US \$ 100,000	2027	100 1/2	100 3/4
US \$ 100,000	2031	100 1/2	100 3/4
US \$ 100,000	2035	100 1/2	100 3/4
US \$ 100,000	2039	100 1/2	100 3/4
US \$ 100,000	2043	100 1/2	100 3/4
US \$ 100,000	2047	100 1/2	100 3/4
US \$ 100,000	2051	100 1/2	100 3/4
US \$ 100,000	2055	100 1/2	100 3/4
US \$ 100,000	2059	100 1/2	100 3/4
US \$ 100,000	2063	100 1/2	100 3/4
US \$ 100,000	2067	100 1/2	100 3/4
US \$ 100,000	2071	100 1/2	100 3/4
US \$ 100,000	2075	100 1/2	100 3/4
US \$ 100,000	2079	100 1/2	100 3/4
US \$ 100,000	2083	100 1/2	100 3/4
US \$ 100,000	2087	100 1/2	100 3/4
US \$ 100,000	2091	100 1/2	100 3/4
US \$ 100,000	2095	100 1/2	100 3/4
US \$ 100,000	2099	100 1/2	100 3/4
US \$ 100,000	2103	100 1/2	100 3/4
US \$ 100,000	2107	100 1/2	100 3/4
US \$ 100,000	2111	100 1/2	100 3/4
US \$ 100,000	2115	100 1/2	100 3/4
US \$ 100,000	2119	100 1/2	100 3/4
US \$ 100,000	2123	100 1/2	100 3/4
US \$ 100,000	2127	100 1/2	100 3/4
US \$ 100,000	2131	100 1/2	100 3/4
US \$ 100,000	2135	100 1/2	100 3/4
US \$ 100,000	2139	100 1/2	100 3/4
US \$ 100,000	2143	100 1/2	100 3/4
US \$ 100,000	2147	100 1/2	100 3/4
US \$ 100,000	2151	100 1/2	100 3/4
US \$ 100,000	2155	100 1/2	100 3/4
US \$ 100,000	2159	100 1/2	100 3/4
US \$ 100,000	2163	100 1/2	100 3/4
US \$ 100,000	2167	100 1/2	100 3/4
US \$ 100,000	2171	100 1/2	100 3/4
US \$ 100,000	2175	100 1/2	100 3/4
US \$ 100,000	2179	100 1/2	100 3/4
US \$ 100,000	2183	100 1/2	100 3/4
US \$ 100,000	2187	100 1/2	100 3/4
US \$ 100,000	2191	100 1/2	100 3/4
US \$ 100,000	2195	100 1/2	100 3/4
US \$ 100,000	2199	100 1/2	100 3/4
US \$ 100,000	2203	100 1/2	100 3/4
US \$ 100,000	2207	100 1/2	100 3/4
US \$ 100,000	2211	100 1/2	100 3/4
US \$ 100,000	2215	100 1/2	100 3/4
US \$ 100,000	2219	100 1/2	100 3/4
US \$ 100,000	2223	100 1/2	100 3/4
US \$ 100,000	2227	100 1/2	100 3/4
US \$ 100,000	2231	100 1/2	100 3/4
US \$ 100,000	2235	100 1/2	100 3/4
US \$ 100,000	2239	100 1/2	100 3/4
US \$ 100,000	2243	100 1/2	100 3/4
US \$ 100,000	2247	100 1/2	100 3/4
US \$ 100,000	2251	100 1/2	100 3/4
US \$ 100			

y indicators)		
Sumitomo Metal B's 1982	105	105
Sun Int. Fin. P's 1988	103	105
CONVERTIBLES		
Amstron	4	
Beavercreek Foods 3's 1982	86	
Beavercreek Foods 3's 1983	86	
Borden	1991	108
Borden	1991	108
Chrysler 5's 1987	138	157
Chrysler 5's 1988	138	157
General Mills 6's 1986	107	150
General Mills 6's 1987	107	150
General Mills 6's 1988	107	150
General Mills 6's 1989	107	150
General Mills 6's 1990	107	150
General Mills 6's 1991	107	150
General Mills 6's 1992	107	150
General Mills 6's 1993	107	150
General Mills 6's 1994	107	150
General Mills 6's 1995	107	150
General Mills 6's 1996	107	150
General Mills 6's 1997	107	150
General Mills 6's 1998	107	150
General Mills 6's 1999	107	150
General Mills 6's 2000	107	150
General Mills 6's 2001	107	150
General Mills 6's 2002	107	150
General Mills 6's 2003	107	150
General Mills 6's 2004	107	150
General Mills 6's 2005	107	150
General Mills 6's 2006	107	150
General Mills 6's 2007	107	150
General Mills 6's 2008	107	150
General Mills 6's 2009	107	150
General Mills 6's 2010	107	150
General Mills 6's 2011	107	150
General Mills 6's 2012	107	150
General Mills 6's 2013	107	150
General Mills 6's 2014	107	150
General Mills 6's 2015	107	150
General Mills 6's 2016	107	150
General Mills 6's 2017	107	150
General Mills 6's 2018	107	150
General Mills 6's 2019	107	150
General Mills 6's 2020	107	150
General Mills 6's 2021	107	150
General Mills 6's 2022	107	150
General Mills 6's 2023	107	150
General Mills 6's 2024	107	150
General Mills 6's 2025	107	150
General Mills 6's 2026	107	150
General Mills 6's 2027	107	150
General Mills 6's 2028	107	150
General Mills 6's 2029	107	150
General Mills 6's 2030	107	150
General Mills 6's 2031	107	150
General Mills 6's 2032	107	150
General Mills 6's 2033	107	150
General Mills 6's 2034	107	150
General Mills 6's 2035	107	150
General Mills 6's 2036	107	150
General Mills 6's 2037	107	150
General Mills 6's 2038	107	150
General Mills 6's 2039	107	150
General Mills 6's 2040	107	150
General Mills 6's 2041	107	150
General Mills 6's 2042	107	150
General Mills 6's 2043	107	150
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General Mills 6's 2046	107	150
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General Mills 6's 2061	107	150
General Mills 6's 2062	107	150
General Mills 6's 2063	107	150
General Mills 6's 2064	107	150
General Mills 6's 2065	107	150
General Mills 6's 2066	107	150
General Mills 6's 2067	107	150
General Mills 6's 2068	107	150
General Mills 6's 2069	107	150
General Mills 6's 2070	107	150
General Mills 6's 2071	107	150
General Mills 6's 2072	107	150
General Mills 6's 2073	107	150
General Mills 6's 2074	107	150
General Mills 6's 2075	107	150
General Mills 6's 20		

[illegible]

12 days	6 months	12 months	18 months	24 months	30 months	36 months	42 months	48 months	54 months	60 months	66 months	72 months	78 months	84 months	90 months	96 months	102 months	108 months	114 months	120 months	126 months	132 months	138 months	144 months	150 months	156 months	162 months	168 months	174 months	180 months	186 months	192 months	198 months	204 months	210 months	216 months	222 months	228 months	234 months	240 months	246 months	252 months	258 months	264 months	270 months	276 months	282 months	288 months	294 months	300 months	306 months	312 months	318 months	324 months	330 months	336 months	342 months	348 months	354 months	360 months	366 months	372 months	378 months	384 months	390 months	396 months	402 months	408 months	414 months	420 months	426 months	432 months	438 months	444 months	450 months	456 months	462 months	468 months	474 months	480 months	486 months	492 months	498 months	504 months	510 months	516 months	522 months	528 months	534 months	540 months	546 months	552 months	558 months	564 months	570 months	576 months	582 months	588 months	594 months	600 months	606 months	612 months	618 months	624 months	630 months	636 months	642 months	648 months	654 months	660 months	666 months	672 months	678 months	684 months	690 months	696 months	702 months	708 months	714 months	720 months	726 months	732 months	738 months	744 months	750 months	756 months	762 months	768 months	774 months	780 months	786 months	792 months	798 months	804 months	810 months	816 months	822 months	828 months	834 months	840 months	846 months	852 months	858 months	864 months	870 months	876 months	882 months	888 months	894 months	900 months	906 months	912 months	918 months	924 months	930 months	936 months	942 months	948 months	954 months	960 months	966 months	972 months	978 months	984 months	990 months	996 months	1002 months	1008 months	1014 months	1020 months	1026 months	1032 months	1038 months	1044 months	1050 months	1056 months	1062 months	1068 months	1074 months	1080 months	1086 months	1092 months	1098 months	1104 months	1110 months	1116 months	1122 months	1128 months	1134 months	1140 months	1146 months	1152 months	1158 months	1164 months	1170 months	1176 months	1182 months	1188 months	1194 months	1200 months	1206 months	1212 months	1218 months	1224 months	1230 months	1236 months	1242 months	1248 months	1254 months	1260 months	1266 months	1272 months	1278 months	1284 months	1290 months	1296 months	1302 months	1308 months	1314 months	1320 months	1326 months	1332 months	1338 months	1344 months	1350 months	1356 months	1362 months	1368 months	1374 months	1380 months	1386 months	1392 months	1398 months	1404 months	1410 months	1416 months	1422 months	1428 months	1434 months	1440 months	1446 months	1452 months	1458 months	1464 months	1470 months	1476 months	1482 months	1488 months	1494 months	1500 months	1506 months	1512 months	1518 months	1524 months	1530 months	1536 months	1542 months	1548 months	1554 months	1560 months	1566 months	1572 months	1578 months	1584 months	1590 months	1596 months	1602 months	1608 months	1614 months	1620 months	1626 months	1632 months	1638 months	1644 months	1650 months	1656 months	1662 months	1668 months	1674 months	1680 months	1686 months	1692 months	1698 months	1704 months	1710 months	1716 months	1722 months	1728 months	1734 months	1740 months	1746 months	1752 months	1758 months	1764 months	1770 months	1776 months	1782 months	1788 months	1794 months	1800 months	1806 months	1812 months	1818 months	1824 months	1830 months	1836 months	1842 months	1848 months	1854 months	1860 months	1866 months	1872 months	1878 months	1884 months	1890 months	1896 months	1902 months	1908 months	1914 months	1920 months	1926 months	1932 months	1938 months	1944 months	1950 months	1956 months	1962 months	1968 months	1974 months	1980 months	1986 months	1992 months	1998 months	2004 months	2010 months	2016 months	2022 months	2028 months	2034 months	2040 months	2046 months	2052 months	2058 months	2064 months	2070 months	2076 months	2082 months	2088 months	2094 months	2100 months	2106 months	2112 months	2118 months	2124 months	2130 months	2136 months	2142 months	2148 months	2154 months	2160 months	2166 months	2172 months	2178 months	2184 months	2190 months	2196 months	2202 months	2208 months	2214 months	2220 months	2226 months	2232 months	2238 months	2244 months	2250 months	2256 months	2262 months	2268 months	2274 months	2280 months	2286 months	2292 months	2298 months	2304 months	2310 months	2316 months	2322 months	23
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COUNTRY & NEW TOWN

Council and New Town Properties has emerged in a condition "from the most difficult year in its history," says Mr. G. M. Newton, chairman. It was a period of severe retrenchment at home, during which C & NT eliminated most of its immediate problems and reduced its home short-term debts. However, C & NT improved its position in the United States and Canada, while in Europe there has been some consolidation with a "very worthwhile" expansion of activity in France. At home, it was at "the crossroads".

ERITEND STAMPING
Board expects improved results
on all divisions in coming year

LIMITED
EC2R, SHP. Tel : 01-638 8551

	Can	Gen	Div	P	P
36	+	1	4.2	11.8	6.8
130	+	3	18.4	14.3	—
35	+	1	3.0	8.6	—
142	—	—	8.2	5.8	7.2
148	—	—	17.5	11.9	—
134	—	—	11.5	8.6	6.5
84	+2	—	2.4	2.9	8.0
81	—	—	6.0	7.4	12.8
280	—	—	25.0	8.8	6.4
13	—	—	—	—	—
62	—	—	12.0	19.4	—
64	—	—	6.1	9.6	8.1
76	—	—	5.3	7.6	8.6

A G CROSSLAND
LIMITED

Results in brief	1976	1975
	£	£
Up Turnover	4,098,470	3,450,871
Profit Before Tax	533,644	452,522
Dividends Paid	<u>98,400</u>	<u>89,464</u>
Earnings per share	3.18p	2.65p

The results and continued progress of the Company reflect a commendable achievement under difficult conditions.

The benefits of the recent and current capital expenditure on plant and buildings should be felt in the future and I look forward to another

W. Reynolds,

"VITIES": Manufacturers of and specialists in industrial and commercial light fittings, metal pressings and assemblies, plastic mouldings, sanitary fittings and tube mouldings.

Authorized Units, Insurance & Offshore Funds

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One of our Divisional General Managers urgently requires a super Secretary to assist
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We offer a salary of up to £2,300 p.a. to a 4 weeks' holiday p.a., a 35-hour
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all secretarial duties.
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Excellent promotion prospects
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required for Sales Manager of
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office with good prospects.
The successful candidate
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all sales duties.
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£5,500 P.A. + NEGOTIABLE

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Small office with excellent
prospects. The successful
candidate will be responsible
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£3,000 p.a.

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Knightsbridge, small friendly
office, requires someone with
good typing, some shorthand,
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The successful candidate
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to help with production of a
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successful candidate will be
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PA/SEC. Mid 20's with good
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AUTHORITY

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(MALE OR FEMALE)

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Headquarters.
The duties of the post are of a general secretarial nature
and are mainly concerned with correspondence related
to television and radio research and educational broad-
casting. In addition the Senior Secretary is required to
organise secretarial duties for other members within the
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Applicants should have a good educational background,
shorthand/typing speeds of 120/50 w.p.m. and previous
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The starting salary will be at least £3,270 per annum rising
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Conditions of working are excellent in a modern office
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More appointments on page 7

Special Report

FOCUS ON

UNITED ARAB EMIRATES

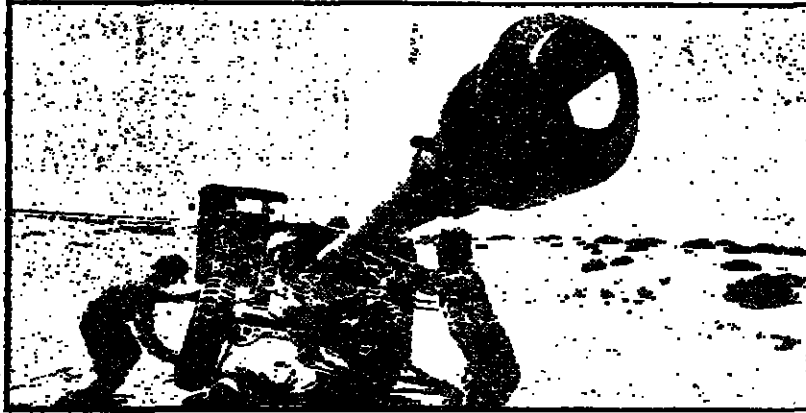
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contending with

. oil and the future

Shaikh's reelection brings a new normality

by Ann Fyfe

Zayed's five-year practice play no role in internal politics. During a border dispute between Dubai and Sharjah, Shaikh Zayed had tried to insist that this and all other disputes of its kind fell within the jurisdiction of the supreme federal court, set up to arbitrate in just such cases of disputes between the emirs themselves, but as yet untested. A solution, unpublished, was reached and the matter disappeared from the headlines.

The second issue, the failure of the emirates other than Abu Dhabi to contribute to the federal Budget, was in some respects the most crucial of all for the budget, to coin a phrase, costs money. To the public at large, immigration was one of the burning issues of the day and contradictory, often ineffective rules were in force in each of the emirates, which maintained their separate police, immigration, security and intelligence forces.

His reelection date approaching, Shaikh Zayed announced his resignation. There being no other conceivable candidate, his threat was not at first taken seriously. But as he remained adamant that he would no longer preside over a federation in so unfederated a condition, diplomats called upon to report on the prospects for the UAE without Shaikh Zayed, had difficulty in concealing that they had not

the remotest idea what might happen.

Winter 1976 was thus a time of intense, secret negotiations, press editorials, cartoons showing a tall federal hero fighting off three beasts marked "disunity" and even a small demonstration—the UAE's first. Although only the seven members of the Supreme Council elect the president, newspaper advertisements and street banners appeared in number supporting Shaikh Zayed and employing in their announcements an old Arabic verb which means to renew tribal allegiance to a leader or pledge one's loyalty.

After a critical meeting of the Supreme Council which consists of the seven emirs, the police, security, intelligence, immigration and information services followed the armies into federal control in November. Shaikh Zayed agreed to a second term in office, the council formally reelected him and all returned

ned to normal, albeit a new

Also due to expire in December was the temporary constitution adopted on independence in 1971. Certain clauses in the successor document became the subject of lively debate and in the end could not be agreed upon.

As a result the constitution in force is the temporary charter extended for a further five years with certain crucial amendments reflecting the concessions of the emirates to the central authority, principally the merger of the Armed Forces.

While the merger had been of mostly symbolic interest in this most unmarital of societies, this document is historic in that it specifically removes from the individual emirs the right to levy troops or purchase arms, that text-book definition of sovereignty. But the disposal of each emirate's individual revenues has also become a party federal decision since last

month's budget, when the

many Eurocurrency loans, the most reliable estimates of this otherwise closely-guarded secret seem to be those in the region of \$1,500m a year.

As part of the attack on inflation, this year's budget is relatively small. Before its publication, Shaikh Sultan announced a freeze on new appointments to the swelling bureaucracy, a further cause of popular complaint, but 9,000 new Civil Service appointments were subsequently approved. Most bitterly resented of all inflationary manifestations, however, has been rent racketeering, and the mass of the population will greet the bursting of the property bubble with relief.

Wide-scale property development as a concept has been used by the rulers as the most immediate and easiest way of distributing wealth. Shaikh Rashid of Dubai two years ago set up

don houses managing so a fund to help middle-income families to develop their land, spreading cash and alleviating the housing shortage at the same time. This year both he and Shaikh Zayed of Abu Dhabi have created new funds for the same purpose.

But blatant land speculation and gross profiteering by a handful of large landlords was the last thing the rulers intended. The level of rents has given capitalism a face unacceptable even in the unrepentantly capitalist Gulf.

Supply has in the past six months or so caught up with and, some observers think, overtaken demand. But landowners who borrowed so heavily for construction have not yet begun to admit that the market has turned. Instead, they tend to lay the blame elsewhere and the beginnings of a backlash are discernible at this early stage apparently limited to a campaign against foreign real estate companies.

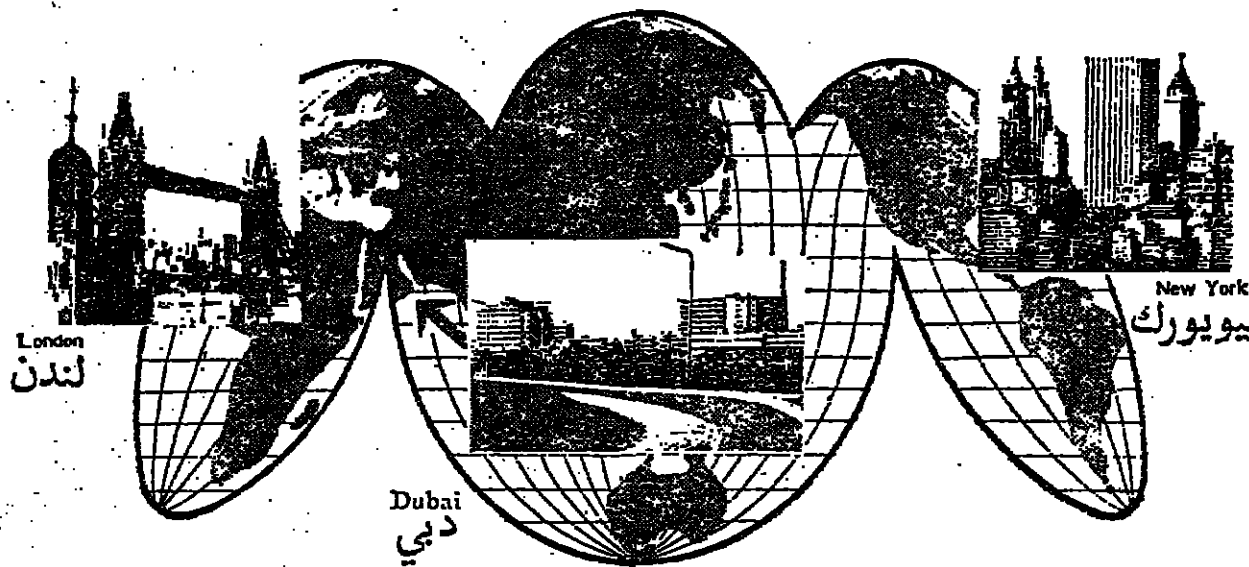
Two further, even tighter regulations were introduced, but rescinded a week later. Finally a Bank of England team arrived to see if it could help. But then the Ruler of Sharjah decreed a total rent freeze and less than a week ago the Ruler of Abu Dhabi froze the prices of all essential foodstuffs.

Will the UAE's first experience of recession reflect on its traditional tolerance of foreigners? Immigration, continued on next page

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فنا فعلاً بعدة إنجازات كبرى نمت بها، فقد اكتمل جسر المكنوم الثاني، وتوسعة وصيف السوق وميناء الحمريّة للصيد، وجسر الجرهود. ونحن منهيكون الآن بإنشاء شبكة واسعة من ملتقيات الطرق تشتمل على طرق مزودة إلى جسور، ومسارين متقاطعين، يحترق كل منها على تمرين منفصلين للسيارات من دبي إلى ضواحي البلدة، وكذلك طريق دائري يحيط بدبي.

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إن مؤسسة الفطيم وشركة وبي لفخورة باشتراكها في هذه المشاريع المهمة، وتأمل أن تظل جزءاً لا يتجزأ من النجاح المطرد في مستقبل الإمارات.

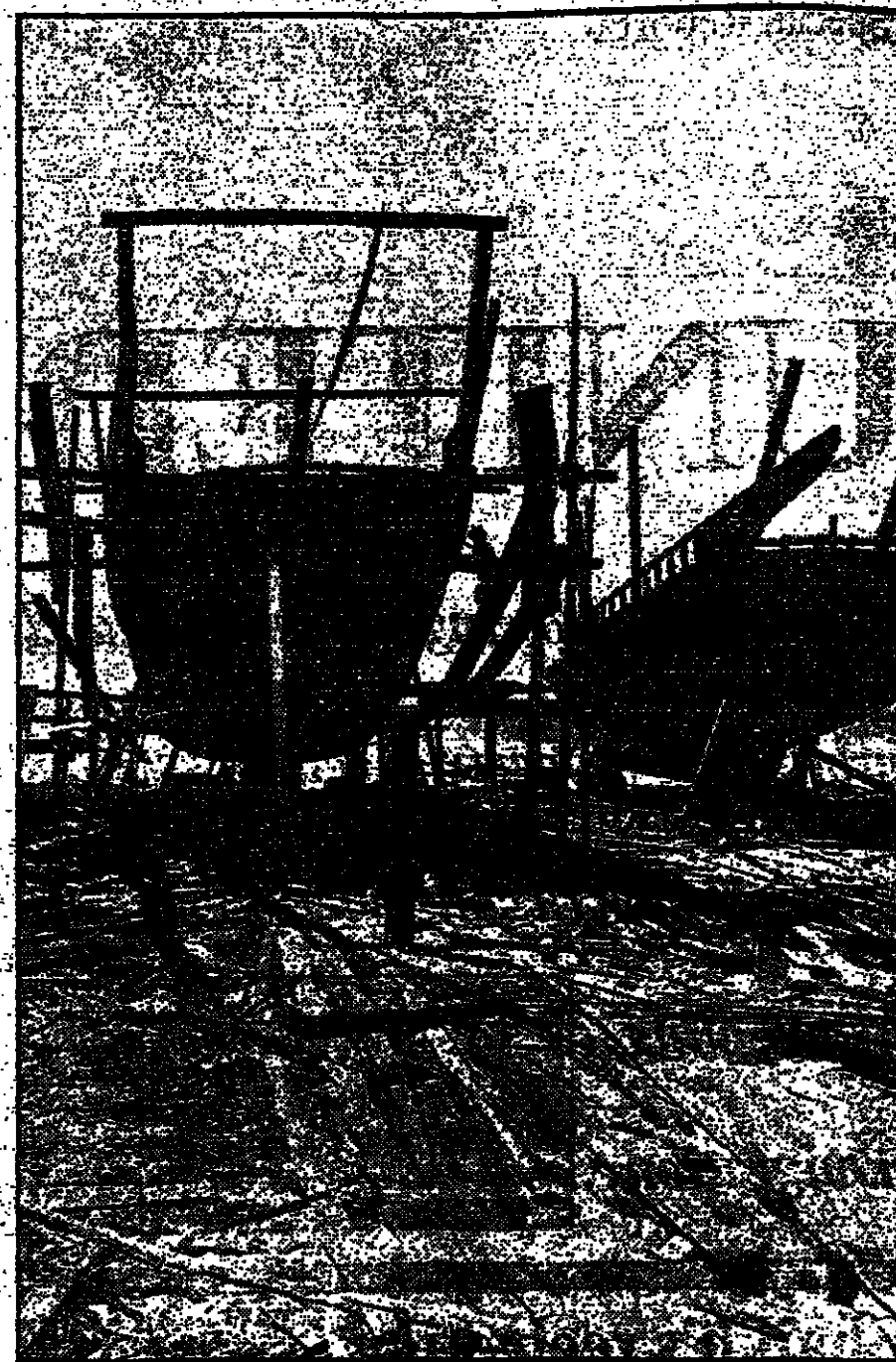


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FOCUS ON History



Crumbling house in the old merchants' quarter of Dubai. Right: building dhows in Ajman.



150-year British tutelage began with reprisals against pirates

by Denis Taylor

On June 26, 1902, the rulers in what is now the United Arab Emirates marked the coronation of King Edward VII with a public holiday. In November the following year Lord Curzon, Viceroy of India, held a durbar off Sharjah.

These events are recorded by J. G. Lorimer in his exhaustively detailed Gazetteer of the Persian Gulf, Oman and Central Arabia. His history was published in Calcutta in 1915, and the author reflects the manner in which the British have seen the Gulf for most of modern times, that is in an Indian perspective.

The British now regard the Gulf as a great area of economic opportunity lying to the south-east of Europe. In the late eighteenth and early nineteenth centuries, the southern Arab side of the Gulf was looked on as a nest of pirates north-west of Bombay.

Lorimer presents what Arabs would see as a somewhat jingoistic picture of the problem. From the Arab viewpoint, the Qasimi of Ras al Khaymah were exercising their custom by levying tolls on shipping, and the consolidation of their position in the Gulf led to conflict with British power.

The British appear to have been fairly patient to begin with. An agreement designed to avert further strife was signed in 1806. The strength of the Ras al Khaymah fleet was considerable. In his *Ras al Khaymah—Flame in the Desert* (Namara Publ.)

cations and Quartet Books, £8.50), Michael Deakin says it was estimated in 1807 that it had 876 vessels carrying 19,000 seamen and soldiers.

British anger was aroused by such incidents as the loss of the *Minerva*, a merchantman whose crew were killed after capture. High indignation was aroused when the widow of one of the officers, a Mrs Taylor, was

ransomed. After a successful British expedition against Ras al Khaymah, an attempt was made to destroy piracy by denying the pirates timber. But the Arabs were able to acquire the necessary materials to build new dhows.

Defences and vessels destroyed

Ras al Khaymah, Sharjah, Umm al Qaywayn and Ajman were all taken by the British in 1819 and drawn from the Trucial States, history must have seemed vindicated.

It will take future historians to assess the significance of the seven shahs' union. But there is no need to wait before pronouncing that the economy has been transformed out of recognition.

Probably no place on earth has changed faster than Abu Dhabi, once a poor community of fishermen and nomadic Beduin, since the first oil came ashore in 1962. Dubai is more experienced in coping with new economic trends. Its merchants learnt to adapt to new markets when Japanese cultured pearls put an end

Dubai owed its separate existence to a feud with Abu Dhabi, which had been

erly controlled by a branch of the Bani Yas moved from Abu Dhabi to Dubai in 1833. The Bani Yas remained in Abu Dhabi refused to accept this defection and attacked Dubai, which was helped by the Qasimi of Sharjah.

Varying alliances involving the two tribes and three shahdoms continued into the twentieth century, and fighting has accompanied territorial disputes in the region in recent times.

When Dubai people fled across the creek to Deira from an epidemic in the nineteenth century, their allegiance went to another shah. Deira was not recaptured until a night raid from the Dubai side only 30 years ago.

When Qatar, Bahrain, and, for a time, Ras al Khaymah refused to join the proposed federation after the British declaration in 1968 of its intent to withdraw from the Trucial States, history must have seemed vindicated.

It will take future historians to assess the significance of the seven shahs' union. But there is no need to wait before pronouncing that the economy has been transformed out of recognition.

Shaikh's reelection brings a new normality

continued from preceding page

for the general public, now comes second only to prices as a contentious issue. UAE citizens comprise, it is estimated, about a fifth of the country's population, and although this state of affairs is of grave concern to economists, remarkably little ill-feeling has erupted so far on either side. That is despite pressing social problems among the Asian community and occasional horrifying incidents like the drowning of several hundred people, including elderly immigrants and children, when an attempt to smuggle them ashore illegally in Fujairah was foiled during the winter.

A UAE visa can fetch \$20,000 on the black market in Pakistan, where \$100 a month is a good salary. But the UAE still has only a lacuna where it so urgently needs a population policy.

The UAE visa can fetch \$20,000 on the black market in Pakistan, where \$100 a month is a good salary. But the UAE still has only a lacuna where it so urgently needs a population policy.

the planners say, will one day house a population of half a million people, mostly immigrant, and Abu Dhabi's new complex at Ruwais will be of the same order of magnitude. Today, the total population is less than 700,000. Can the UAE really absorb another million immigrants without unrest?

My impression is that religious practice may have begun to revive among UAE nationals. The evidence, notably the extension of Shar'a law in Abu Dhabi, the continual opening of fresh Koran learning in institutes, renewed exhortations by the Head of State in his public speeches for abstinence from alcohol and other degeneracies and the interruption of colour television programmes in cosmopolitan Dubai for prayers, introduced in May, is tenuous in the extreme. But Ramadan too, was taken more seriously last year than the year before.

Not that any faction would

do away with modern amenities and the improved standard of living, but a feeling is just discernible that the boutiques, nightclubs and projects for revolving restaurants may have reached the limit of what can comfortably be assimilated. A little nostalgia for a simpler life is in the air.

The UAE in mid-1977 is a very different place from the UAE in mid-1976. In most vital legal and political areas authority is greatly more centralized, the exception being long-term industrial policy, which is still largely uncoordinated. After the blow the big landlords and merchants are sustaining, we shall probably see an end to the more spectacular type of projects of the three years since 1974. A reassertion of the traditional caution, perhaps spilling over into a re-emergence of a certain natural puritanism, may be on the way in, or at least a rethinking of the made for all things Western.

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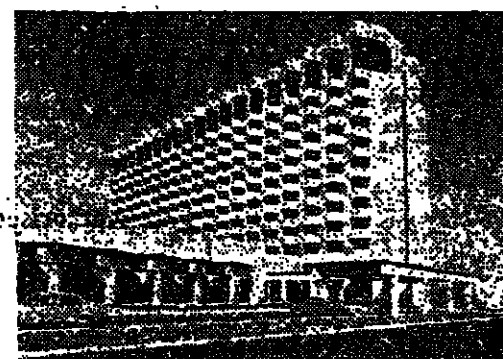
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FOCUS ON

Al-Ain

Oasis where romance has given way to growth

Al-Ain, after a factio situation which is not active inland across from Abu Dhabi. The most noticeable change is the climate, but without the humidity of the place is also less much more urban, a good deal more than might be of an oasis settle-

ment of the area 5,000 years ago. Forts and other artefacts dated to 3000 BC were found and soon to house in chambered tombs excavated at Hill and Jebel Hafit. The carefully Some of the finds are on display in the charming museum, next to the traditional mud fort in Al-Ain. A bronze age tomb decorated with gazelles has been re-

constructed at Hill. Twenty kilometres from Al-Ain at Mazad is an experimental farm run by the Compagnie Francaise des Petroles and supported by the Abu Dhabi emirate authorities. There is almost no rain. In the first four years after the station was set up only 68mm of rain was recorded at Mazad. Strong winds are another hazard and 4,000 trees, among them: acacia, eucalyptus, were planted to protect the project.

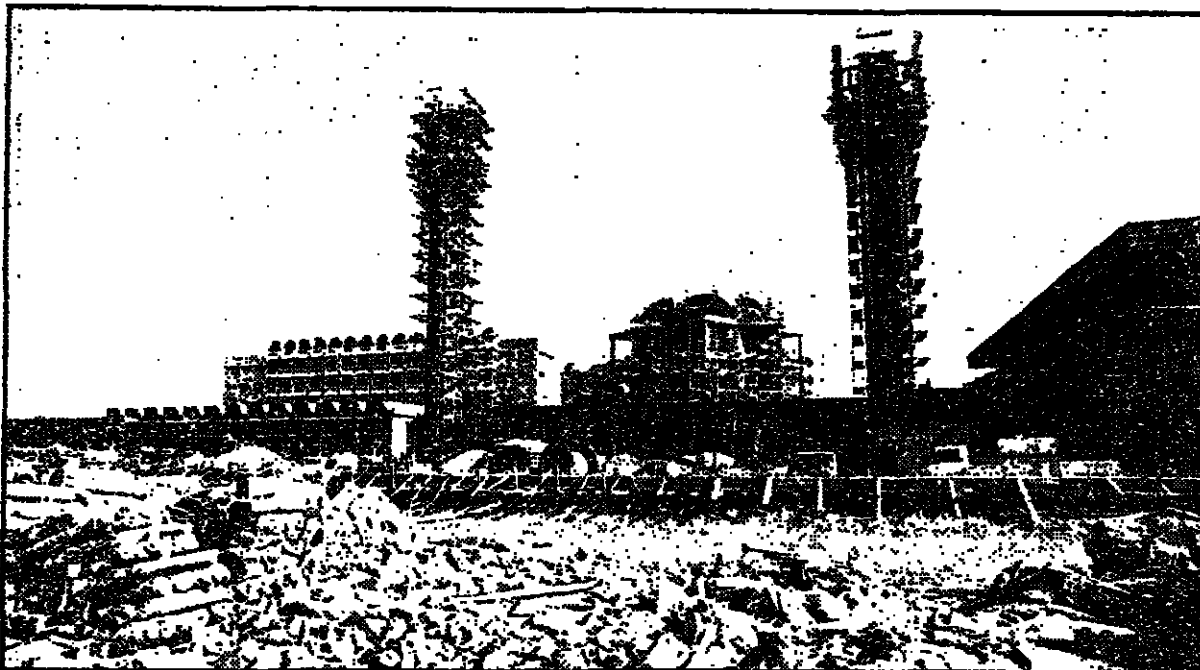
But since production began in 1973 M. Jean Bellavoine, director of Al-Ain proved to be the most suc-

cessful. According to M. Bellavoine this technique is 80 per cent more economical than the traditional method. Yields two and three times of those obtained in Europe have been achieved. Plants are grown inside plastic greenhouses and under sunshelters. The greenhouses, shaped like tunnels, are cooled by thermoelectrically controlled fans and humidified panels. Water is pumped from four wells and various ways of irrigation have been tested. The drip feed method of nourishing the plants with water contain-

ing soluble fertilizer has been found to be the best. The question was "a doing



Antique Arab jewelry; right and top right are two aspects of the changing face of Al-Ain, construction work on the new university and a tomb and its guardian.



temperatures from 18°C to 15°C lower than in the open. The sunshelters are simple structures open to the air at each end, with sheets of plastic netting stretched several feet above the row of crops. Humidity and coolness are maintained by spraying fine drops of water around the plants. Onions, beetroot, turnips, cabbages, cauliflowers, carrots and green beans have been cultivated as well as the staple tomatoes and cucumbers. The UAE talks of becoming self-sufficient in vegetables and fruit. But in spite of undoubted progress in experimentation and production and the capacity to give generous loans to farmers willing to modernize, it is hard to see how a mainly arid country with an expanding population can achieve this goal.

Such reservations do not apply to the emirate's ability to develop an education system almost from scratch. A generation ago the only instruction was learning parts of the Koran by rote. Not a single modern school existed in the present territory of the UAE. But in October, the UAE university is due to open at Al-Ain. Only one academic building is going up at present. Even this looks far from finished, but members of the university staff said that work was up to schedule. Initially school premises will be used for lectures and there are expected to be about 300 students in the first year. Half of them will be women, but since it is an Islamic institution they will not attend classes with men.

I was told that students would have to pay a modest registration fee, but that their accommodation, books, stationery and transport would be free. They would also be paid a monthly allowance. Teaching staff would have free villas which, like the libraries, laboratories and other facilities, would be funded from a special university budget. The first faculties will be those of culture, science, education and commerce. Culture includes Islamic, Arabic and English studies. Medicine and petroleum technology are expected to join the curriculum in later years. In spite of the closeness of the planned opening date, academic staff are still being selected. I was told that the number of applications from abroad far exceeded the posts to be filled. Last year more than 1,200 UAE students held bursaries to study abroad, and vocational training is also expanding at home. The prospects are, therefore, for a gradual increase in UAE citizens able to fill some of the key posts now held by foreigners. If the emirate continues at its present rate of development, there seems little prospect of locally or foreign educated nationals replacing those expatriates to significant degree. But at least in Al-Ain a society where illiteracy was so recently the norm is making a start on its own programme of higher education. D.T.



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FOCUS ON

Banking

Currency Board takes on a new look

by Ann Fyfe

Quite a few new words such as credit squeeze, downturn, even recession, and finally bank failure, not previously in use in the UAE, came into circulation with the UAE Currency Board's May measures to tighten control of banking practice. Inflation, the country's dominating internal issue, is fuelled by features peculiar to the UAE economy, notably the soaring costs of much-delayed government projects, excessive lending to property developers exploiting the housing shortage and burgeoning consumption of imported goods, themselves ever-increasing in price.

Imported costs apart, all three indigenous inflationary influences were capable of control by the federal authorities, given the will to exercise that control. That will has now been demonstrated with a force which took the banking community by surprise and which eventually brought about reactions that led to a complete change in the structure of the Currency Board.

Although 1977's budget totals 10,900m dirhams (£1,600m) against 4,200m dirhams last year and 2,800m dirhams in 1975, the only comparable increase is of 135m dirhams (£22m). Abu Dhabi, which since the 1976 budget has contributed 50 per cent of its individual revenue to the federation, has this year transferred its expensive Departments of Education, Health and Information to the federal budget, account-

ing, with the investment allocation of 1,600m dirhams, for 5,600m dirhams in all. Excluding these two accretions, the 1977 budget is only 4,300m dirhams.

That small increase is itself largely recorded under current expenditure, principally salaries for the state's 44,000 civil servants whose number is soon to be increased by 9,000, despite a strict policy of freezing or cutting down on new appointments wherever possible. New projects—and this is the point of the new budget—receive only 147m dirhams. Sheikh Sultan of Sharjah, higher budget committee chairman, said at the beginning of the national debate on the budget that projects approved in previous financial years were being executed at a rate of only about 40 per cent; a national outcry followed against delays in completing housing projects, hospitals and public utilities. As far as the economy is concerned, however, the most serious effect of these delays is a constant rise of the costs involved.

Inflation is calculated by the UAE Currency Board to have exceeded in 1976 the average of about 30 per cent a year witnessed from 1974 onwards. In the case of food, however, the Ministry of Economy and Trade recently released a report showing that over the past three years the price of fresh vegetables has risen by 100 per cent, poultry and fish by 80 per cent and coffee by 166 per cent. The too much cash chasing too few goods definition of inflation is not fully applicable to the UAE where, on the contrary, ample and indeed excessive quantities of goods, almost all imported, have become available, draining foreign currency reserves and encouraging soaring consumption. Imports are estimated to have reached a level of \$3,500m in 1976 compared with \$1,700m in 1974.

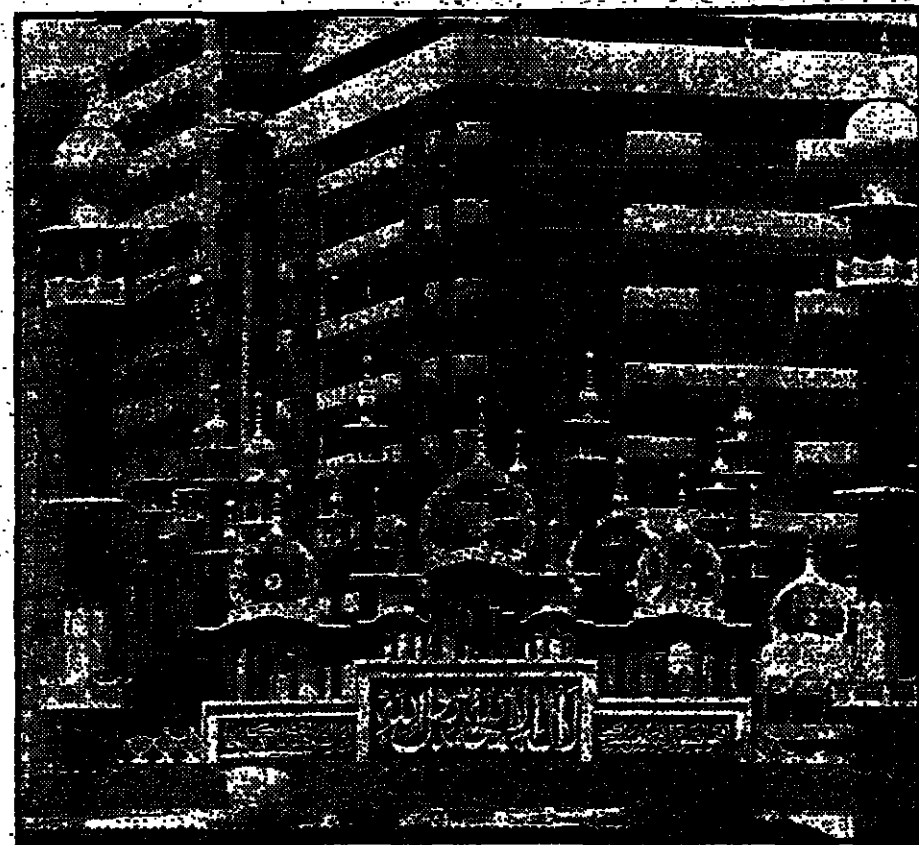
The one commodity the supply of which has failed to meet demand has been property and, in this instance, the result has been gross profiteering. Rents have risen to 120,000 dirhams (£20,000) a year for a new house in the residential suburbs and 80,000 dirhams (£13,500) for an average office in one of the new tower blocks. Construction has absorbed 42 per cent of all credit extended in Abu Dhabi and about 20 per cent in the northern emirates, where the import trade absorbs the larger part of bank lending. Private sector credit as a whole rose 85 per cent during 1976 (69 per cent during 1975) and by acting to restrict its further growth the UAE Currency Board has struck with one blow at the two roots of domestic inflation.

Banks are now obliged to lodge 7.5 per cent of their deposit liabilities in dirhams with the board, as distinct from the 5 per cent in force from May, 1976, to May, 1977, and will observe in addition a deposit/advance ratio of one to 15, accepting further directions from the Currency Board in the case of some individual banks. Mr Ron Scott, UAE Currency Board managing director, now replaced by a three-man committee of local citizens, explained that the purpose of the credit squeeze (not his own phrase) was to reduce fairly quickly the quantity and variety of goods available in the shops, thus stemming the outflow of foreign exchange and discouraging unnecessary consumption.

Soon after, the squeeze was tightened by regulations requiring compulsory deposits of 25 per cent of the value of all lenders of credit and 10 per cent of all bank guarantees, but the reaction was so hostile that the head of state annulled these two measures by decree less than a week after their introduction.

Property prices, it is widely felt in the banking community, are now stabilizing of their own accord with the completion of thousands of state and private developments. But good news for the citizen is bad news for those banks which have become heavily involved in lending to property.

The management of a handful of the newer, smaller banks had been causing concern for some months before the board acted. Earlier in the year, when demand for dollars brought the dirham almost to its floor, the board had sold dollars cheaply in the market to counteract the



Abu Dhabi's new buildings overshadow the traditional minarets and colonnades of the Arab world.

trend, with the result that the larger banks called in dirhams on short term deposit with the smaller banks for the purpose of buying dollars. A few of those small banks were unable to raise the dirhams called and were obliged to overdraw their dirham accounts with the Currency Board, for which the latter imposed a penalty interest rate of 1 per cent a day or 365 per cent a year.

Although the board strongly denies having sought from the outset to make an example of a few of the small banks, some names inevitably became bad news and, in May after much rumour and recrimination, three of them were obliged to cease trading. The Bank of England's "lifeboat team" is now working out a salvage operation.

Local banks were brought in April 1976 into the scope of the board's moratorium on the licensing of new banks. At that point some 53 commercial banks had been licensed, compared with 20 three years previously.

One prominent Dubai merchant house, since made for a hole in that policy by establishing an albeit large and reputedly managed bank, but the May 1977 measures dimmed categorically that this will not be allowed to happen a second time. However, all banking policy and legislation in the UAE is now under reconsideration. The functions of the managing director of the Currency Board have been assumed by three local men prominent in finance—Nasser al-Nawais, Abdallah Mazroune and Ahmad Tayar—and two men from the Bank of England have recently arrived to see if any help can be offered.

Leaving aside these political dramas, the interbank market and related banking service areas have developed steadily, the former benefiting from the activities of the 12 international banks which have been granted restricted licences permitting them to hold interbank accounts in dirhams and to lend but not to accept dirham deposits. Ten bond issues denominated in dirhams were floated in 1976, one each of 100m dirhams for Compagnie Nationale d'Algerie, Caisse Nationale d'Epargne de Tunisie and eight private borrowers. Coupons vary from 9 to 9.75 per cent and foreign exchange for the conversion of these bonds is not available from the Currency Board; it has to be sought in the market.

The Currency Board is clearly acting as a central bank in taking decisions affecting the management of the economy, and difficult decisions at that. Credit families are not going to be popular with the powerful landlords and merchants who are also the owners of the smaller banks and who have demonstrated their power to block measures inimical to their own interests. Despite having brought the squeeze upon themselves by their culpable lack of prudence during the boom, it is not inconceivable that they will now clamour for "special case" treatment. The new Currency Board has a difficult balance to strike in the months ahead.

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Smuggling and Port Rashid

End of era in the gold trade

nis Taylor

was once synonymous with smuggling. It is one of the contraband items of the world, but it no longer retains its preeminence. It never features in published trade statistics, while an era in which trade is over, gold is to be imported. Only 400 tons were shipped to the Middle East last year, less than 50 tons in Dubai. Both Iran and Teheran receive

tion of gold in
is now superseded
ig to India. One
businessman estimated
at a ton of gold was
to each week to
but he put its trade
value below that of
tion equipment and
s, food and elec-

is nothing illegal nuggling in Dubai. may send out what port without notify authorities. No UAE broken if goods out later enter country illicitly.

Old route developed
Dubai was able to
gold from London
rich and trans-ship-
ments to India to
meet the enormous
for the metal there.
a most important
role in Indian life
has been able to
what amounts to a
necessity, particularly S

The emergency proclaimed by Mrs Gandhi, the former Indian Prime Minister, in 1975, led to a crack-down on smuggling into India, and there is some speculation that prospects may improve now that she has lost office. But Indian policies aside, the heyday of gold smuggling had already passed by the time of the emergency.

Another merchant made the point that Dubai rang the changes with its goods and their destinations. "When India is out, Iran is in. When Pakistan is out, Afghanistan is in, and so on. There are always some outliers," he said.

Local businessmen tend to have diverse interests. They own land, develop property and act as agents for foreign manufacturers as well as importing and exporting. In recent years land has become a more attractive proposition than

When goods from Dubai enter another country they may do so perfectly legally as well as unofficially. It is assumed, however, that because of their voluntary nature reexport returns record less than the total leaving the country.

Construction equipment is brought in to Port Rashid for overland dispatch to other parts of the UAE, to Saudi Arabia, Qatar and Oman. Cars and consumer durables are also shipped in for reexport to the rest of the most booming area in the world.

A trader said that Saudi Arabia and Iran were now the most important outlets for reexports from Dubai. Sometimes one was more

[illegible]

India and Pakistan but by immigrants travelling home. Although at the start of this decade the United Kingdom benefiting from the arrival of gas with the electronic equipment, the shaikhs of the rest of the field, it has with one exception been overtaken every year since 1972 by Japan. The odd year was 1975 when the competition is close, however. The Dubai import

As well as cassettes, transistor radios, hi-fi equipment and other Japanese products, vast quantities of textiles and clothing from the Far East, particularly jeans, pass through Dubai.

A stroll along the creek is one of the more interesting ways to spend a spare half-hour in Dubai. The despoiling the banks are deceptive vessels, equipped with powerful engines for the voyage as far as India, Pakistan or even down the east African coast. Stacked alongside may be crates containing anything from refrigerated chicken to frozen mince, lumber, canned goods and more. A leading importer to the UAE.

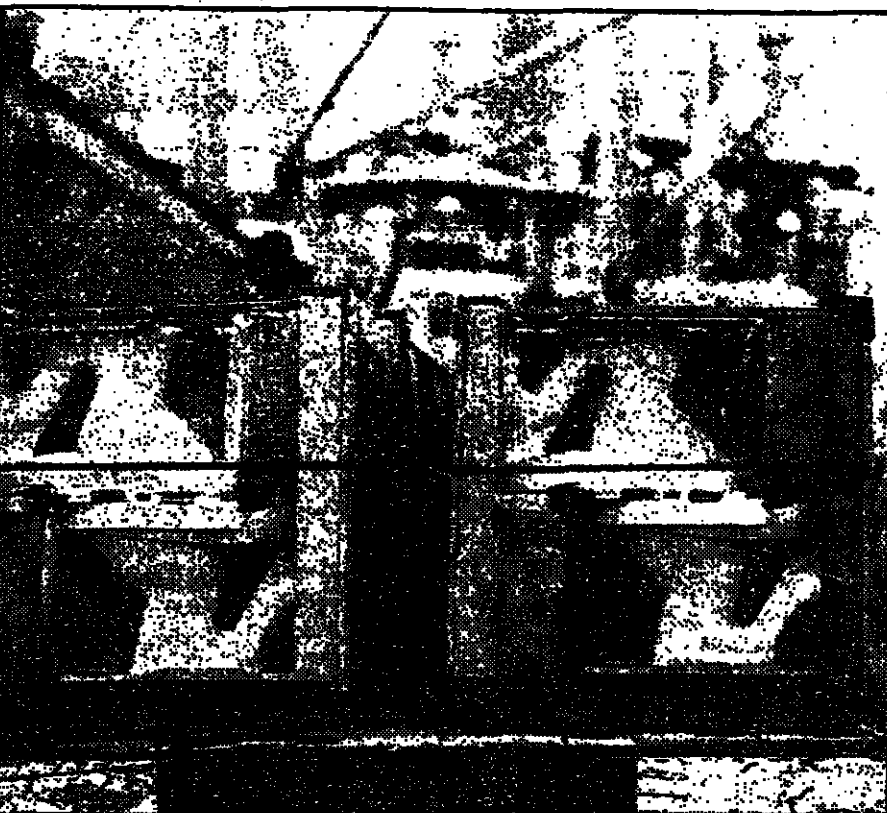
The UAE is Britain's largest market for such opportunities lying in construction, machinery and transport equipment. British figures for sales to the UAE in the first two months of this year were put at £76.5m, of which £50.9m was to the east and the northern emirates.

A frequent criticism among expatriates in the UAE is that British car manufacturers have lost

Machinery and transport main imports

It is said that there is nothing you cannot buy or sell in Dubai, which despite the growth of Abu Dhabi retains its traditional

Direct exports of non-oil products from the UAE are restricted to such items as scrap metal, dates and dried fruit. While Abu Dhabi exports a certain amount of construction, transport and agricultural equipment to such places as Saudi Arabia, Iraq, Qatar and Oman, nine-tenths of UAE re-exports go to the Gulf States, still discussing franchising arrangements in Arab countries, including the specifically mentioned by the market. Governments and customers had been able to place orders with British Leyland even when on the boycott list. In this way it has been able to secure contracts for Range, Land Rovers and Range Rovers to the UAE.



Scenes at Port Rashid, Dubai, a former dhow anchorage, one of the new ports handling the emirates' cargo boom. Nineteen berths deal with more than four million tons of cargo a year.

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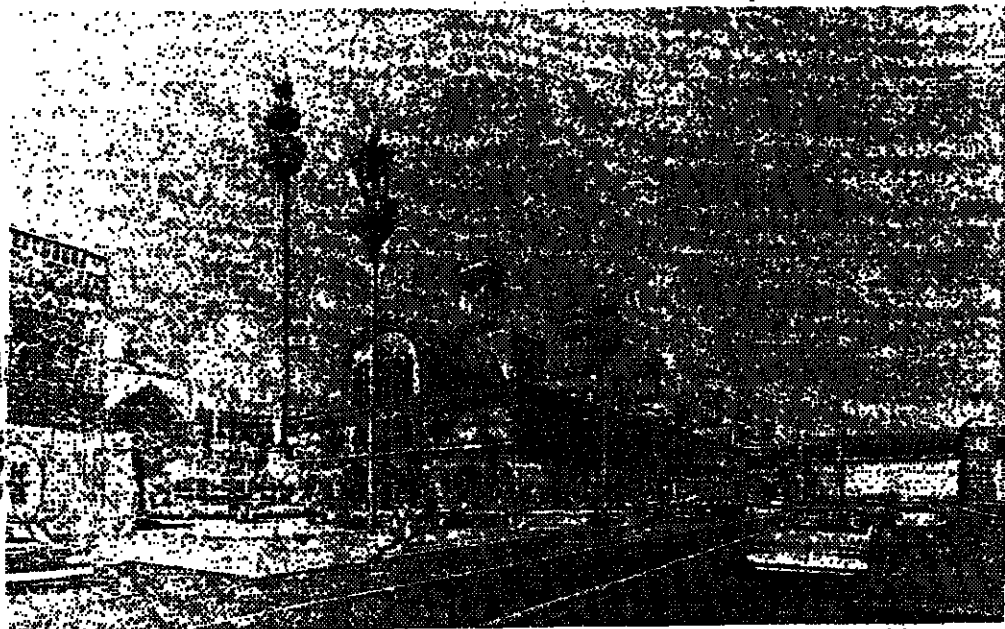
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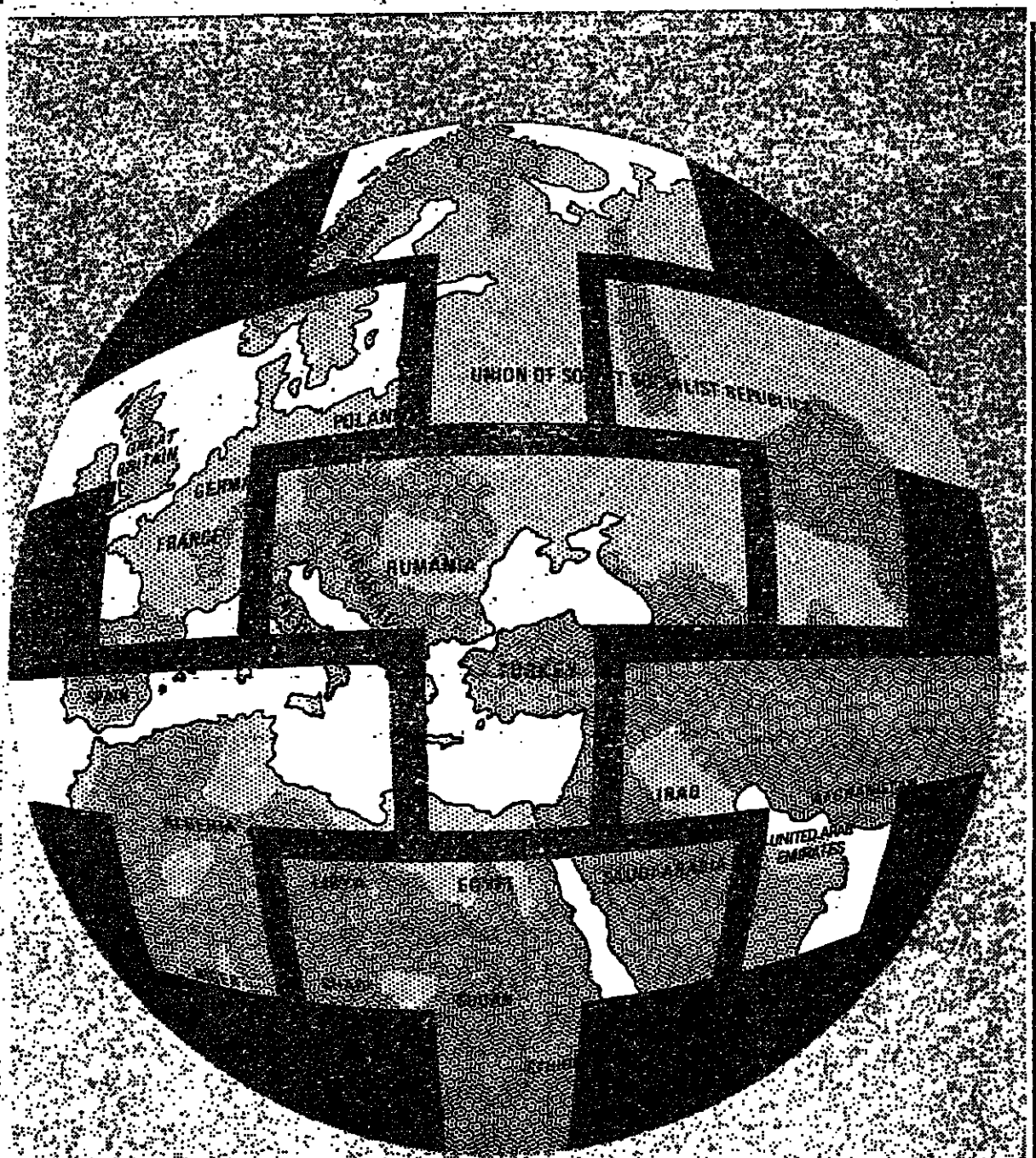
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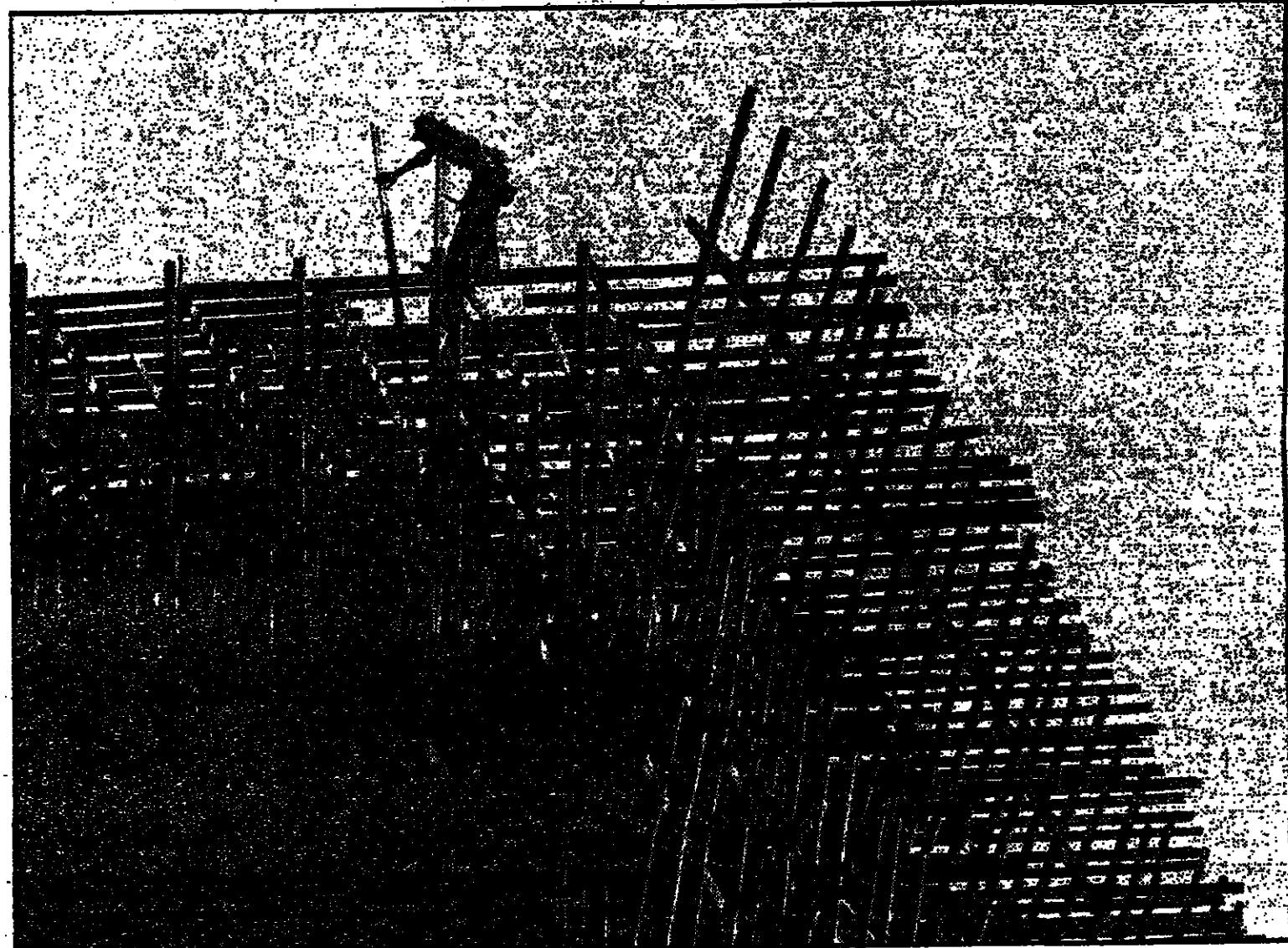
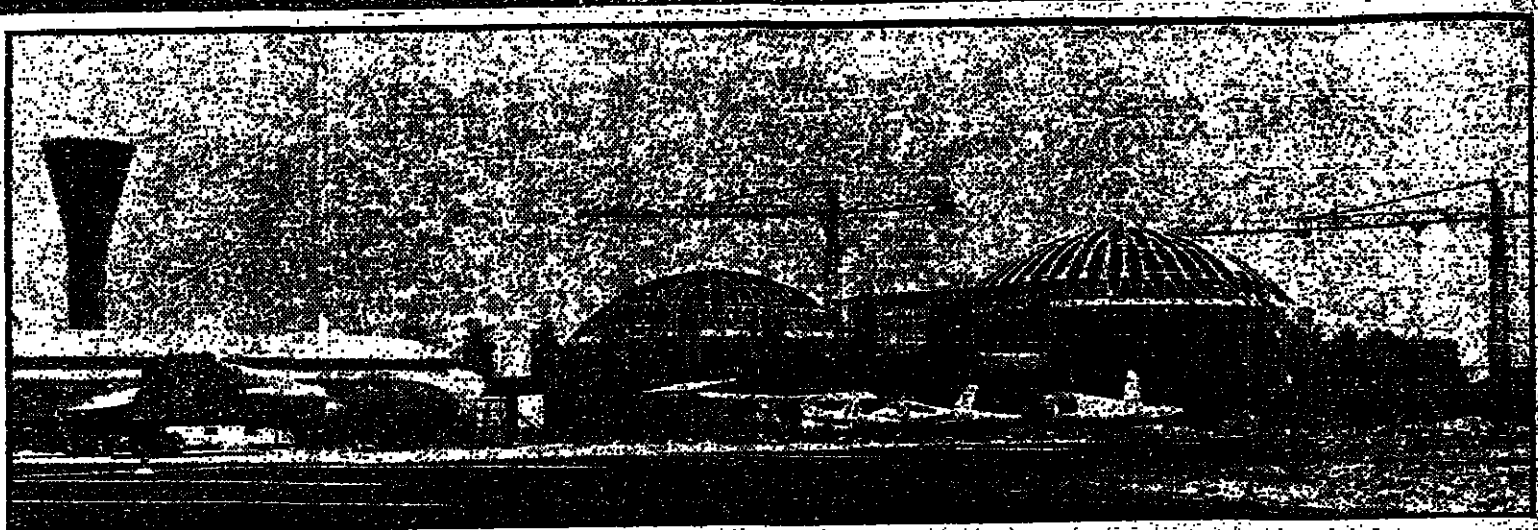
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FOCUS ON

Airports and construction



Building work in Abu Dhabi, where the development of a second international airport has proved necessary. Top, the Sharjah airport which opened early this year and is initially concentrating on freight

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Takeoff from primitive beginning to prosperity in jumbo era

by Tim Edgar

The United Arab Emirates, with one of the highest per capita incomes in the world and one of the highest ratios of banks per head of population, is also becoming a leader in another area. It has one of the highest ratios of international airports per head in the world.

Few countries of just 30,000 sq miles and a population barely touching 700,000 can boast eight international airports. But that is how many the UAE now has in operation, under construction or planned in the seven emirates that form the federation.

Little more than two decades ago, aircraft were making water-ski landings on Dubai's creek and were being refuelled from 50-gallon oil drums brought out to them by boat.

Today it is a completely different picture and at the UAE's busiest international airport, Dubai, there are 26 international airlines operating 236 scheduled flights a week, including transit passengers, the airport topped the one million mark in 1976 for the first time.

The British-designed and built airport was opened in 1971. It was designed by Page and Broughton and constructed, at a cost of £5m, by Costain Civil Engineering.

Soon afterwards, Costain was awarded a further £3m contract to reconstruct the runway and taxiways enabling the airport to accept jumbo and wide-bodied jets, which now constitute 30 per cent of traffic, a 17 per cent increase on last year.

The airport serves Dubai (population 210,000) and, to a large extent, Sharjah (population 90,000). It was also the first airport in the Middle East and only the fourth in the world to install a computerized departure control system called LOPAC (Load Optimization and Passenger Acceptance Control).

For passenger comfort and facilities it is still one of the best and most modern airports in the area and is now undergoing the first phase of an expansion programme for which £30m was reserved in last year's Dubai budget. Initially, this includes the construction of a new 5,000ft taxiway and improved facilities for cargo handling and storage.

Dubai's second international airport is still in the planning stages. It is to be built at Jebel Ali, 30 miles from Dubai's city centre, where there is to be a new industrial city.

Only last month Bechtel was engaged to carry out a study of Dubai's air traffic needs of the future and the capacity of the airport will be firmly fixed upon the findings of the report. But the consultants, Sir William Halcrow and Partners, have said that it will have two runways and cater for 19 million passengers a year.

It was Abu Dhabi's international airport, however, which started the boom when it opened in 1970. It now serves a population of 240,000 and acts as a military and civil airport.

It is served by almost as many international airlines as Dubai and, in fact, many airlines call at both centres on the same flight but Abu Dhabi's annual passenger figures are lower than Dubai's and are expected to reach the million mark for the first time this year. It is, however, of strategic importance because Abu Dhabi is the seat of federal government and the leading oil producer.

Although Abu Dhabi is building its second international airport as well as a new military airport, the present one is also undergoing extensive expansion and improvement. The Contracting and Maintenance Company was awarded the contract to build the new departure and arrival lounge, new restaurant, VIP lounge and mosque and Al Fatah/Wimpy has resurfaced the runway.

Abu Dhabi's new airport is being constructed at a cost of £22.5m and is expected to open in 1979. The consultants are Aeroport de Paris and its design is similar to that of the Charles de Gaulle airport. Initially there will be one terminal building and there will be six air bridges each capable of having two or three aircraft attached and it will have the capacity to handle three million passengers a year. By the turn of the century this capacity is to be increased to six million.

At first only one runway will be constructed, although a second is expected to be built within two to three years of the airport opening, and the design allows for extensions to duplicate the terminal building and provides separate complexes for air cargo.

Also in Abu Dhabi emirate will be Al-Ain international airport. A site has been chosen but final design plans are still on the drawing board.

North of Dubai, the new Sharjah international airport was opened early this year and the old international airport, a former British RAF base and the original staging post for the first regular air service between Britain and Australia, was closed. The airport hopes to make use of its 2,500,000 passengers capacity but, initially, it is concentrating very much on freight. Managed by the Frankfurt Airport Authority, it is part of a massive "freightway plan" — a phrase derived from "airway" and coined by Sharjah which is being implemented by the emirate.

A container port on Sharjah's east coast, Port Khalid, and the airport are working together on plans to attract shippers to use Sharjah as a transhipment point and breakbulk point for the rest of the Gulf. The airport has facilities for handling air freight containers and a cargo section with an apron large enough to take four 747s at the same time.

Under a first phase plan Sharjah airport will have the capacity to handle 170,000 tons of freight a year and will be able to handle 250,000 tons a year under a planned second phase.

Ras al Khaimah international airport opened in March last year. It is one of the largest airports in the area with some of the most advanced equipment and managed by International Aeradio Ltd (IAL). But it is one that has certain been built for future opposed to present need and is still suffering from reluctance by international airlines to route flights through the emirate. Although the airport has always been kept open 24 hours a day and is manned by more than 100 staff, for several months after the airport opening there was only one flight a week.

Today, three airlines MEA, Syrian Arab Airlines and Kuwait Airways operate five flights a week and OGA Air is expected to join the in October. It will be a lot time, however, before the airport is ever used to anything like capacity.

A Canadian company Aviation Planning is carrying out design proposals for the eighth international airport which is to be in Fujairah on the east coast. It is likely to be at least another six months, however, before the plans begin to materialize and another year and a half after the until completion.

But, ironically, despite a proliferation of airports, the only way to travel by air from emirate to emirate remains as a choice between trying to get a seat on a scheduled international flight which is en route somewhere like London chartering an executive jet.

It seems reasonable to suppose that there might be a market for a flying car service. But with an emirate largely responsible for its own negotiation with airlines for traffic continued on facing page

Consolidation in prospect after period of rapid growth

by Denis Taylor

It would be foolish to try to predict how long the building boom in the United Arab Emirates will last. For a start, although the entire country is only the size of Scotland, the construction industry is responsive to widely varying influences in different shakhdoms.

Abu Dhabi is the richest emirate, indeed on paper it is the richest place on earth if you divide its oil income by the fairly small number of people living there—236,000 according to the 1976 census. Driving along broad streets lined with multi-storey buildings and intersected by seemingly endless roundabouts, it is today hard to believe that the town did not have a single school until 1966 and that a few years before that the dwellings were simple fishermen's huts made of palm fronds.

Nor everybody has an air-conditioned flat or villa equipped with a colour television set. There are still Bedouin living in simple shelters in the hinterland, as well as immigrant labourers living in tents and overcrowded houses. But the transformation in the conditions of most people, in terms of housing, medical care and education, has been startling. Given what has been achieved in the last decade, it may seem unlikely that the next 10 years will see such a spectacular burst of activity and that this will be more a time of consolidation.

It will be interesting to see if plans for the proposed new port and industrial area at Ruweis embracing an oil refinery, petrochemical and gas liquefaction plants at an estimated cost of more than \$2,000m will go ahead unreservedly. This would involve building

a new town of between 40,000 and 80,000 people. An official in Abu Dhabi denied that a report that foreign interests' unwillingness to meet Abu Dhabi investment requirements in Ruweis implied local concern about finance.

He painted a picture of Abu Dhabi concentrating on developing petroleum-based industries rather than being tempted into industrial diversification against the day there is no oil. The building of harbours, roads, airports, schools, hospitals and power stations could take another five or six years. He said it was hoped that the industrial expansion would be completed by 1990.

There is no shortage of projects either under way or for which tenders have been invited. The estimated total cost of the Abu Dhabi International Airport, scheduled for completion by 1980, is 1,000m dirhams (about £150m).

The consultants are French (Aéroport de Paris), and Greek, Japanese and Indian contractors are involved in the work. Although British architects, consultants and contractors have established strong links in the emirates they face increasing competition from Europe, Japan and South Korea.

There is a shortage of hotels in the area. Only a few days ago the British architects, Rochester Cooke, were appointed sole consultants to design and supervise the building of an £18.5m hotel for the UAE Development Bank at Abu Dhabi.

Sir Alexander Gibb and Partners is the consultant for the port of Abu Dhabi. It may take eight to 10 years to complete the 63 berths now envisaged.

Other Abu Dhabi projects include power stations, seawater desalination plants, water pipelines, hospitals and extensions in Abu

Dhabi and Al Ain, and military airports and installations. There is a proposal for building a 600-bed teaching hospital attached to the new UAE university, half way between Abu Dhabi and Al Ain. Several thousand low-cost housing units are being added to the emirate's stock.

British Smelter Construction, in which Wimpey is one of the partners, won the contract to design and build the Dubai aluminium smelter, which will cost at least £350m and is scheduled for completion by 1980. A number of British and West German firms were awarded additional contracts.

Balfour Beatty Construction and Wimpey are among contractors for the 5500m² 74-berth deep water port at Jebel Ali to serve the smelter and other new industries.

The value of firm contracts in Dubai and the northern emirates involving foreign and local companies amounts to more than £3,000m. One expatriate businessman in Dubai said that there might be a falling off in really big new projects in the emirate. But he pointed out that there had been surprises in the past when this had also seemed likely.

"We had two years when things were very much in recession; then they mushroomed", he said. As unpredictable developments, he cited hospital expansion.

As well as £30m extensions to the Rashid Hospital, a new 630-bed hospital is to be built. At the end of the Second World War, Dubai had one doctor. An outsider cannot always understand why decisions are taken in any one of the emirates. One can question the wisdom of all the different apparently duplicating harbour developments, international airports and satellite stations in such a small area. At a time when

the bottom has dropped out of the tanker market it may not look such a good idea for Dubai to have dry dock facilities capable of handling tankers of a million tons, if they should ever be built. But should the day come when the demand is there, Dubai will have the best dry dock facilities between Europe and the Far East.

Costain-Taylor Woodrow Joint Venture are the contractors for the £162m scheme, scheduled for completion by the end of next year, and Sir William Halcrow and Partners are the consultants.

The power of a ruler like Shaikh Zayed of Abu Dhabi or Shaikh Rashid of Dubai is not to be underestimated despite the superficial intrusions of modernity. If they decide they want to build something it is likely to be built.

If people in Dubai point to what they see as the uncontrolled development of Sharjah, there is an element of political rivalry there and also a feeling of commercial superiority.

Dubai is a long-established trading centre and people there were wise in the ways of finance when key money soured and that the Abu Dhabians lived a simple pastoral life. Development in Abu Dhabi gradually followed oil receipts. Shaikh Rashid borrowed against projected oil income to build his first hospital.

Dubai is also being true to its commercial traditions by putting up what is believed to be the highest structure in the Arab world, an international trade and conference centre which will be 39 storeys high when completed by Bernard Suwey and Sons. The exhibition hall and hotel should be finished this year, and the whole of the £109m centre, including an hotel, 504 flats and parking for 2,000 cars in 1979. An ice-

rink is one of the facilities under discussion. John R. Harris are the architects for this and a number of other projects in Dubai.

It could be said that Abu Dhabi looks like a vast building site, but if the title fits anywhere it is Sharjah only 15 km along the road from Dubai. Streets of unfinished buildings and the inevitable roundabouts sprout from the sand.

Dubai may look askance, but Sharjah has not forgotten that it was once the first port in these parts. Sharjah, however, appears to have gone ahead faster than its fairly small oil revenue would justify. Hotel building is a growth industry in Sharjah and the supply of housing has attracted people from Dubai because of lower rents.

Annual rents in Dubai can extend from about 40,000 dirhams for a one-bedroomed flat to 130,000 dirhams for a three-bedroomed villa in the most desirable suburb. Rents are normally payable a year in advance and alarming stories are told of key money. According to one property consultant, there is a discrepancy between the key money sought and that the Abu Dhabians lived a simple pastoral life. Development in Abu Dhabi gradually followed oil receipts. Shaikh Rashid borrowed against projected oil income to build his first hospital.

Rental levels in Abu Dhabi are said to be 10 or 15 per cent higher than in Dubai. There is speculation that property prices may even out in Dubai. Banks, however, sensitive to the overall liquidity position in the UAE, are becoming less keen to commit more finance to property development by local businessmen. At the same time, much of the property development is carried out by Shaikh Rashid and his family and the rents they charge are normally lower than in the private sector.

Takeoff from primitive beginning

continued from facing page

rights, it is becoming more and more unlikely that any of the emirates will start such a service and jeopardize the possibility of increasing international flights which attract foreign businessmen to the area. Despite being spoilt for choice, the airlines themselves seem happy.

Throughout the Gulf, in-

cluding the UAE, Oman, the capacity that is known to be planned by the mid-1980s, the airports at those ports, Dubai and Sharjah, are two exceptions although last year Dubai suffered a

When, with a capacity reckoned to be about 36,000 tons, it handled nearly 50,000 tons because of TMA, the all-cargo airline, moving its operations from Beirut to the emirate.

Having recovered from the ordeal, the handling

has led to considerable congestion at many of the airports. Dubai and Sharjah are two exceptions although last year Dubai suffered a

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Having recovered from the ordeal, the handling

company, Dubai National Air Travel Agency (DNATA), is completely reorganizing Dubai's cargo system and in Sharjah the Frankfurt Airport Authority is actively encouraging airlines and shippers to have their own facilities at the airport.

The author is on the staff of The Gulf Weekly Mirror.

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FOCUS ON

The
National Assembly
and Foreign Affairs

Chamber where speed of development heads the agenda

by Ann Fyfe

There are two ways of looking at the UAE National Assembly, as a Western-type parliamentary body or as an institutional embodiment of an existing, tribal decision-making event, the consultation circle embracing all male members of the group. Its new Speaker is aware that Europeans will seize upon the fact that its members are appointed, not elected, and conclude that the UAE is not a democracy, ignoring the crucial, but in Western eyes nebulous, process by which individuals emerge as candidates for appointment. Whichever kind of animal it is, the assembly has evolved

considerably since the end of 1976 when both membership and chairmanship were changed.

Mr Tariq bin Thani, the new Speaker, returned from his post as ambassador to Cairo—a plum job in the UAE diplomatic service—to take up the assembly chair. The constitution does not specify how members are to be chosen but leaves it to the discretion of each emirate, which means that the rulers nominate their quota. Abu Dhabi and Dubai and Ras al Khaimah six each and the other remaining three emirates four members each.

Mr Tariq says: "We know that this method of choosing members—by nomination instead of elec-

tion—is not in conformity with Western democracies, which regard election alone as the yardstick. Perhaps you agree with me that democracy is not pre-nounced in patterns and shapes... [democracy] is a spirit and practice." Two constitutional powers are invested in the assembly and in practice it exploits both of them to the full. On the legislative level the assembly debates all Bills submitted to it by the Government and has the right to approve a Bill, amend it or throw it out. After debating a Bill the assembly passes it back to the Cabinet, but to the Supreme Council of the seven emirs, whose response is prescribed by constitutional law. If the Bill is presented by the assembly

contains amendments to the Government's proposal, the Council has the right to reject the Bill only if it is not in the interest of the country. The Council also has the right to propose amendments to the Government's proposal, but the emirs may reject a Bill only if it is not in the interest of the country. The Council also has the right to propose amendments to the Government's proposal, but the emirs may reject a Bill only if it is not in the interest of the country.

modernization is not questioned in evidence from the previous assembly. Most observers agree that the body today, after a change in membership, considerably more progressive. That is certainly the view of the Council, which is not in doubt. The welfare strategy, which is not in doubt, is the UAE's main concern. There is no income tax and little other taxation. The assembly's second session is to question the ministers on the conduct of their ministries and it is expected that the assembly will be a more active body than the first.

Policy set apart by aid disbursements

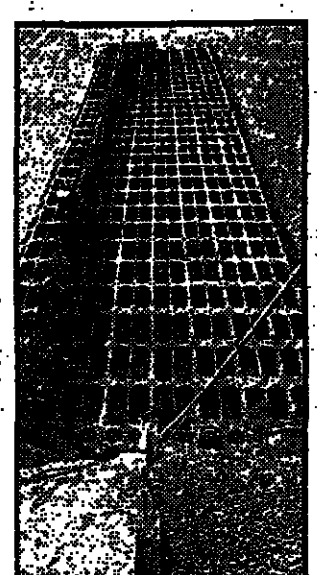
In an eventful year in the Gulf and at a time when the Red Sea has come to dominate the headlines, the outstanding diplomatic event locally will surely have been Sheikh Zayed's visit to Aden in March. Putting the seal on the emergence of coexistence as the successor to confrontation in the Arab world, the visit at the same time opens a new chapter in the ideological history of the Red Sea.

By contrast, the first and much heralded Gulf foreign ministers' conference in Muscat produced little if anything of note but in terms of talks, bilateral and multilateral, diplomatic activity within the Gulf is a record. The stakes are black with itinerant princes. The distinguishing characteristic of the UAE's foreign relations is, however, the disbursement of aid and on this front the UAE has a record. In Cairo brought vastly increased commitments, particularly to the pro-western regime in Egypt after the January food riots.

Contacts between the UAE and high-level representatives of the People's Democratic Republic of Yemen had been frequent since 1972 as part of painstaking efforts by the UAE, for which much of the aid must go to the Head of State personally, to reduce the severe mutual animosity and indeed bloodshed between the conservative regimes of the peninsula and Aden. It is not quite accurate to regard the situation after Shaikh Zayed's visit as an ideological victory for conservatism. Aden signed an "ideological cooperation" agreement with Dr. Castro, the Cuban leader, during the latter's semi-secret tour of the Red Sea in April. What seems to have gained ground is more of an agreement to tolerate each other's systems. But the door is none the less opened as a result of Saudi neighbourliness and, of course, aid: the UAE is not quite at the tip of the iceberg.

Yet the first Gulf foreign ministers' conference at the end of 1976 was widely deemed a failure. Mr Saif Ghobash, the UAE Minister of Planning, says it achieved little because it came to the conclusion that against the background of great bilateral exertions to improve relations within the Gulf and from our specific problem areas, there was little for the session formally to do.

Nevertheless, animosity over rival working papers almost caused one of the main participants to boycott the proceedings and rumours flew during the Iranian Foreign Minister's sweep through the Gulf that Iran was urging some kind of formal security pact on unwilling small states on the other shore. These have been renewed in the press of late but are denied vehemently by the UAE ministry, along with speculation of a forthcoming Gulf summit on security. Ceremonial gatherings of this sort apart, there can rarely have been so much physical movement of government ministers and even heads of state within and around the shore of the



Going up in the world, the trade centre in Dubai.

Gulf, and Mr Ghobash's assertion that intra-Gulf relations are on the right course is borne out by the substance of these many sessions of talks. The Iraqis are on good terms with Iran, and have offered cash aid to the Sultan of Oman, whose domestic emergency is helping to finance 12 months ago. The Kuwaitis are talking to the Iraqis on their at times fierce border disputes. The Saudis are talking and shelling out cash to the Adenis, who would have been unthinkable six months ago. The Omanis, if not talking publicly to the Adenis, are making frequent trips to them in Riyadh who were unofficially leaked during the May visit of Sultan Qaboos to Riyadh that one of the objects of the exercise was to make final the arrangements for an exchange of diplomatic relations between his right-wing regime and Aden, with which he was at war until last November.

At the same time as rapprochements have become commonplace in the peninsula, the Red Sea to its west has become an ideological battleground and it may seem curious that the pro-Western conservative regimes are solidly behind the Eritrean guerrillas and Moscow-oriented Somalia.

Eritrea is front-page news more often than not in the UAE press and the country's moral, political and financial support is with the separatists is unambiguously clear. Mr Ghobash likens the attitude of the peninsula Arabs to Ethiopia to that of the British to France, separated from each other since the Creation by the narrowest of channels. Arab-Ethiopian relations cannot but be both good and bad and ineluctably close. The policy is that the Eritrean right to statehood has been ignored continuously since the Italian era.

The liberation movements profess left-wing beliefs to varying degrees is said not to be a matter of concern, nor is Somalia's treaty of friendship with the Soviet Union, though it can hardly be coincidence that the latter's influence in the Arab states on the west bank

of the Red Sea is falling as relations with the peninsula oil states grow closer. From its own point of view, however, the UAE step would probably consider the Afro-Arab summit in Cairo in March as one of the most significant events of recent years. Specific figures were put to the oil industry commitments in Africa in the coming year, amounting in the case of the UAE to \$100m in 1977 through the Arab Bank for Economic Development in Africa.

Abu Dhabi's own fund, the Abu Dhabi Fund for Arab Economic Development, is limited by its statute to investing in revenue-generating schemes for any one of which it can provide only half the finance under the guarantee of the host country. It managed, however, to increase its loans to slightly more than \$250m at the end of 1976 compared with \$25m at the end of 1975. Its beneficiaries span the political spectrum from Morocco to Aden but by far the largest recipient of UAE aid, through the Abu Dhabi fund, the Arab bank emergency loan-cuts and investment in projects is of course the pro-western regime in Egypt. After the January food riots, both the UAE and Saudi Arabia undertook to match in 1977 the total funds provided for Egypt over the preceding five years.

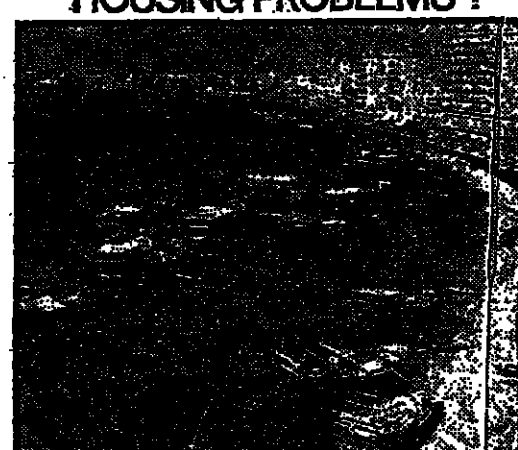
The Abu Dhabi fund has not been a purely Arab one since its capital was quadrupled at the end of its first year in operation (1974) and its statutes rewritten to include the whole of the Third World. Now it has eight Asian and African Arab states. But the Abu Dhabi fund is just one of many organizations set up unilaterally, bilaterally and in conjunction with Opec and other bodies for the disbursement of cash. None of these includes frequent UAE handouts for emergency relief and disaster victims.

By way of a complete departure, the UAE undertook late in 1976 not only to find 15 per cent of the cost of the Arab peace-keeping operation in Lebanon but actually to send troops of the United Defence Force to the active zones, where they presumably heard real shots fired in anger. How they acquitted themselves we do not know as the local press failed to seize this opportunity for some front-line reporting.

Keeping the peace, preserving stability through mediation, honest brokering and aid: this is the essence of UAE foreign policy. Mr Ghobash describes his Government as "liberal conservative". Remaining on cordial terms with both sides to the ideological dispute which split the Gulf was in itself an achievement but rehabilitating the Aden regime was an epoch-making contribution to the stability of a strategic region.

Although the victory was for co-existence rather than for either of the two systems, some observers feel that amid this wave of reconciliation "liberal conservatism" is in the ascendant, with all that implies for the great powers in the coveted Horn of Africa and the whole Indian Ocean region.

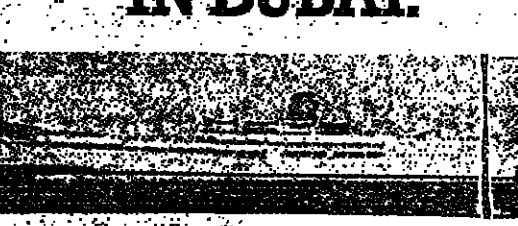
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mirate also maintain separate administrative departments of the government despite total absorption of all functions by the ministries. Only for security, defence and, to a small extent, oil are controlled by the UAE Gov-

Area and population

	Area (sq miles)	Population	
		1973	1975
Abu Dhabi	28,000	130,000	238,700
Dubai	1,500	110,000	208,000
Sharjah	1,000	50,000	89,200
Ras al Khaymah	850	30,000	57,800
Al Fujayrah	450	12,000	24,500
Umm al Qawayn	300	5,700	16,500
Ajman	100	4,400	21,600
Total	30,000	342,100	651,100

The immigrant community is composed of other Arabs, especially Omanis, Iranians, Palestinians, Indians, Bengalis, British and Americans. Friday is the official rest day, with some shortening of hours on the day preceding Thursday. Fixed public holidays include January 1, August 6 (accession of the Ruler of Abu Dhabi), December 2 (National Day), December 25 and December 26, and Muslim holidays in 1977 will be celebrated on March 2, July 13, September 14, November 21, December 12 and December 21. The metric system is now officially used. The unit of currency is the dirham divided into 100 fils ($\text{£}1 = \text{39.0 dirhams}$; and $\text{£}1 = \text{69.0}$).

Abu Dhabi crude oil exports principal destinations (million long tons)

	1971	1972	1973	1974	1975	(Jan-June 1977)
Japan	12.47	12.67	22.60	24.33	19.40	12.19
France	9.76	10.42	12.59	12.30	11.54	5.71
United Kingdom	7.15	7.83	5.97	6.09	6.54	2.51
United States	4.87	5.18	5.43	5.06	4.97	4.23
West Germany	1.81	2.17	2.57	5.10	1.88	0.83
Switzerland	0.06	0.07	0.84	2.51	0.70	0.67
Norway	—	0.09	0.19	1.71	1.01	—
Singapore	—	0.03	1.01	0.79	0.53	—
Italy	1.20	1.99	2.98	0.89	1.00	1.00
The Netherlands	2.08	3.78	2.83	2.14	8.89	1.61
South Africa	1.83	1.27	0.64	—	0.08	0.41
Pakistan	1.39	0.09	—	0.04	0.98	0.41
Netherlands Antilles	—	—	—	—	2.79	1.39
Others	1.49	2.39	1.10	2.82	6.46	2.22
TOTAL	44.02	48.09	58.78	83.98	65.77	33.65

Source: Department of Petroleum, Government of Abu Dhabi. *Petroleum and Industry in Abu Dhabi. Annual Statistical Report.*

For instance, Adnoc has commissioned a gas-processing plant on Das island, recently completed at a cost of \$450m, and is planning to build a \$1,200m gas liquefaction plant at the new Ruweis complex near the Jabal Dhanna oil terminal.

Dubai is certainly less reluctant than its larger neighbour. A few small industries already exist but the Ruler has now embarked on a huge industrialisation scheme at Jebel Ali. The centerpiece will be a \$400m aluminium smelter with an annual capacity of 135,000 tonnes, which should begin production in 1978.

It will be operated by the J. Al-Fazl Aluminium Company,

continued on next page

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Government

Administrative and capital expenditure is carried out by both the federal Government and individual emirates. This often-uncoordinated two-tier system in part explains the high level of total spending—reaching an estimated per capita expenditure of 25,000 dirhams (\$5,900) in 1976—as well as the inordinate degree of project duplication evident in development programmes.

Abu Dhabi and Dubai are each wealthy enough to fund their own expenditure independent of the federal Budget. Sharjah also enjoys sufficient resources, while the others are able to afford, by a combination of mobilising domestic revenues and external loans, their own brand of development in addition to that allowed by federal expenditures.

A result has been the unwillingness of most of the emirates, especially Dubai, which insists on a loose federation, to contribute a significant share of their own revenues to the federal Budget. Abu Dhabi, the principal proponent of centralisation and coordination, has been left until recently to fund 85 to 90 per cent of federal expenditure. Following the threat of Sheikh Zayed of Abu Dhabi to resign unless this imbalance was resolved, the other emirates agreed at the end of 1976 to earmark 50 per cent of their incomes for the federal Budget.

But, flushed with the Abu Dhabi oil revenues, the federal Budget has experienced a remarkable growth, from 163.7m dirhams in 1972 to 4,151.9m dirhams in 1976. The 1977 Budget represented a 152.9 per cent increase over the previous year. Although most of the expansion is due to the transfer of spending powers of emirate ministries—such as education, health and defence—to federal ministries, a substantial proportion is accounted for by the development of the poorer emirates which had

Inflation now runs at 30 per cent

Expenditure until 1973 was troubled by periodic deficits, a prospect which has all but vanished in the wake of the oil price boom. Current spending shows a remarkable growth in 1968-76 from 283.2m dirhams to 12,796m dirhams or 70.3 per cent of global expenditures. Excluding grant aid to foreign countries, contributions to the federal government (4,000m dirhams in 1976) and subventions to federal ministries (4,000m dirhams in the same year), only about 2,000m dirhams was actually devoted to domestic current expenditure. Investment was more than double that level and reached 4,463.2m dirhams in 1976 and 5,500m dirhams in 1977.

substantially constrained the rate of growth for development spending and a massive deceleration from the 122.8 per cent and 98 per cent registered in 1975 and 1976 respectively. Indeed, the 1977 development budget represented a real decrease in investment outlays if spent on federal industries still operated by the Government of Abu Dhabi. Revenues, of course, are dominated by oil receipts which provided 97.9 per cent of total revenues in 1976 and 95 per cent in 1977. Because of oil level of import duties on most items, revenues from customs duties were negligible while income from interest and dividends was substantial.

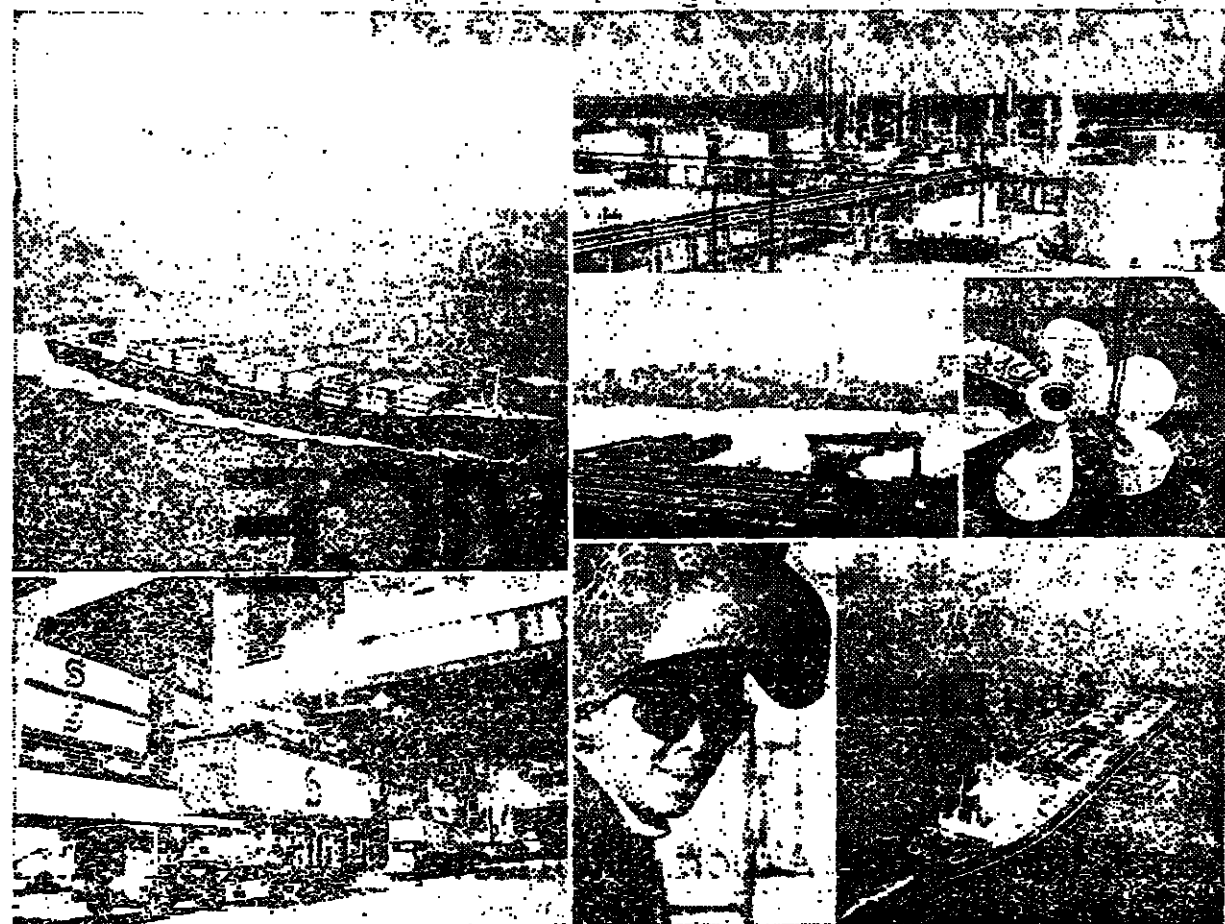
Public services will also receive a massive dose of 1,396m dirhams, 25.4 per cent of total development allocations. The outlays on transport and communications absorb 10.2 per cent of the total, but the level of expenditure is only 10 per cent more than in 1976. Major projects in this sector include a new international airport and a new harbour. Other major allocations include sewerage (7 per cent), health (6.5 per cent) (which will be mainly absorbed by the construction of two large hospitals at Al-Ain and Abu Dhabi Town), education (2.6 per cent) and agriculture (2.3 per cent). Infrastructure development also provides the basis for diversification away from oil. Importantly, industrial and power projects, including oil-related developments, have usually absorbed the single largest allocation since 1973. Planned industrial expenditure in 1977, for instance, has been set at 1,403m dirhams, or 23.5 per cent of total development allocations.

Alternatives to oil

continued from preceding page

And, taking advantage of its traditional fishing industry, Fujairah and Ras al Khaymah also hope to develop their tourism potential relying on the natural attractions of their scenery as well as on the artificial water bottling plant, supplied with high quality water from the Mafut springs, has already been commissioned. Quarrying of local marble is being promoted and the construction of a fishing port is under way.

day) as well as the purchase of six fishing vessels. Fujairah and Ras al Khaymah also hope to develop their tourism potential relying on the natural attractions of their scenery as well as on the artificial water bottling plant, supplied with high quality water from the Mafut springs, has already been commissioned. Quarrying of local marble is being promoted and the construction of a fishing port is under way.



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Trade

The UAE's inexorably increasing trade surplus—rising from 2,521m dirhams in 1971 to an estimated 22,000m in 1976—guaranteed not only by the dominance of oil exports but also by an impressive non-oil export performance.

Oil exports rose from 3,411m dirhams in 1971 to 22,000m in 1976 and achieved an impressive 20 per cent rate of growth in 1976 alone, while non-oil exports registered an even higher growth rate of 39 per cent in the same year to bring the value of non-oil exports up to 2,500m dirhams, compared with 579m in 1971.

Growing world oil demand, combined with the price advantages of UAE crude oil, will certainly cause oil exports to even higher levels this year. Non-oil exports may, however, experience some short-term deterioration.

Apert from scrap metal, hides, skins and dried fish, they consist almost entirely of construction and transport equipment re-exported to Saudi Arabia (absorbing 27.5 per cent of non-oil exports in 1976), Iran (25 per cent), Qatar (19 per cent) and Oman (12 per cent). The recently increased export capacities in these markets as well as the increasing propensity to consume in the UAE itself will tend to hold down export growth, but the premonition of the UAE in Gulf trading patterns will ensure the maintenance of this valuable re-export trade.

Import growth is also being constrained by chronic port congestion as well as, although less severely, by the import saturation of the economy. With imports per capita reaching 19,346 dirhams in 1976, the share of the most extravagant import schedule and highest absorptive capacity in the Middle East. Accordingly, the pace of growth has decelerated from 110.4 per cent in 1974 to 57.4 per cent in 1976. Much of this growth is a result of intensive development. For example, the market share of capital goods rose from 26.6 per cent in 1974 to 44.4 per cent in 1976, the share of consumer goods, despite insistent demand patterns, fell from 57.7 per cent to 42.8 per cent in the same period.

The choice of suppliers also demonstrates a similar trend: the demand for high-technology goods necessary for development projects. OECD countries have consistently supplied about 75 per cent of total imports, a share which has increased to 80 per cent in 1976. Already, the share of imports destined for re-export has fallen from 81 per cent in 1971 to about 35 per cent in 1976. High levels of re-exports of domestic consumption goods and the share of imports from Britain has fallen from 26.5 per cent in 1970 to 17.4 per cent in the first half of 1976.

Japan's share has grown from 13.9 per cent in 1970 to 27.1 per cent in January 1976, the United States from 10.8 per cent to 15.6 per cent, West Germany from 3.8

continued on facing page

Government of Abu Dhabi revenues and expenditures (in millions of dirhams)									
	1973		1974		1975		1976		
	Amount	%	Amount	%	Amount	%	Amount	%	
(1) Revenues									
Oil receipts	3043.3	94.5	13702.5	97.0	14390.4	95.8	18014.0	97.9	
Customs duty	13.1	0.4	28.6	0.2	21.8	0.2	31.5	0.2	
Interest and dividends	89.9	2.5	212.8	1.5	603.1	4.0	250.0	1.3	
Others	84.5	2.6	187.2	1.3	—	—	105.7	0.6	
Total revenues	3221.8	100	14131.1	100	15015.3	100	18401.2	100	
(2) Expenditures									
Current	2512.8	74.1	4677.3	67.6	6505.8	55.8	12796.0	70.3	
Development	524.4	15.5	1009.9	14.6	2249.9	13.6	4463.2	24.5	
Education	44.7	1.3	82.6	1.2	81.2	0.7	226.3	1.2	
Health	15.3	0.5	69.6	1.0	84.4	0.7	236.2	1.3	
Agriculture	19.5	0.6	22.6	0.3	18.1	0.2	165.1	0.9	
Industries and power projects	101.5	3.0	327.1	4.7	760.2	5.6	1142.9	6.1	
Municipalities	93.3	2.8	137.5	2.0	339.3	3.0	518.4	2.8	
Housing	185.6	5.6	243.0	3.5	684.8	6.0	1432.2	7.9	
Labour and social affairs	17.0	0.5	51.4	0.7	111.8	1.0	127.1	0.9	
Information and tourism	0.2	—	5.6	—	2.0	—	9.1	0.1	
Public buildings	11.5	0.3	25.7	0.4	62.8	0.6	50.0	0.3	
Capital payments	33.8	1.0	44.8	0.7	103.5	0.9	563.9	3.1	
Capital payments	853.5	10.4	1293.3	17.8	2701.2	23.6	946.0	5.2	
Total expenditures	3392.7	100	6922.5	100	11456.9	100	18205.2	100	
Surplus or Deficit (-)	-168.9		7207.8		3558.4		198.0		

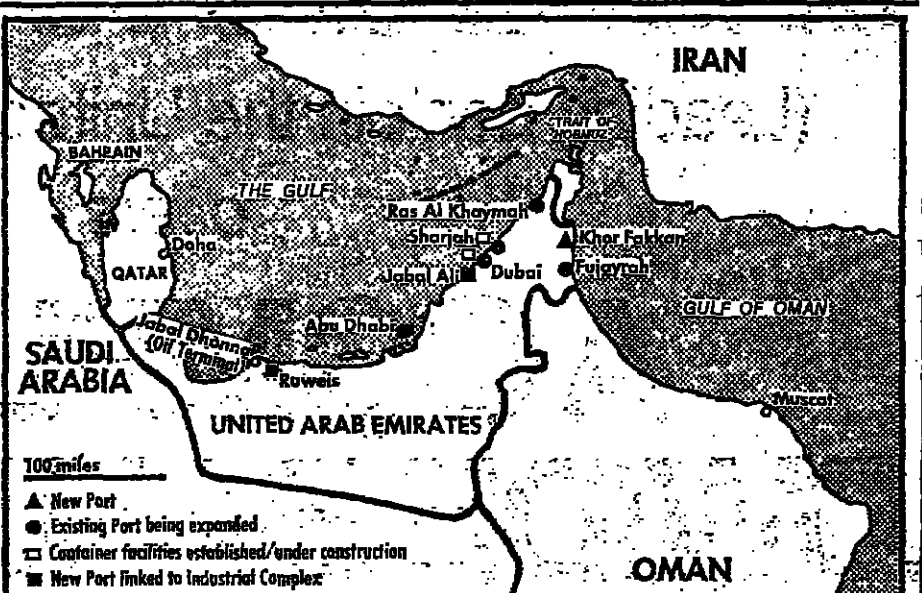
Notes: (1) Sub-items may not add up because of rounding.
(2) Petroleum royalties and tax (net income) to Abu Dhabi Government.
(3) Including grants from the Ruler of Abu Dhabi and departmental revenues as well as valuation gains in foreign holdings.
(4) Include grants proper to local organizations and foreign countries.
(5) Capital contributions in the form of participations loans to foreign governments and other lending (net).

Source: Finance Department, Government of Abu Dhabi

Federal government revenues and expenditures (dirhams m)									
	1974		1975		1976		1977		
	Amount	%	Amount	%	Amount	%	Amount	%	
(1) Revenues	800.5	100.0	1774.8	100.0	2163.1	100.0	4151.9	100.0	
Emirates contributions	779.5	97.4	1722.4	97.0	2134.3	98.7	4079.7	98.3	
Other taxes	21.0	2.6	52.4	3.0	28.8	1.3	72.2	1.7	
(2) Expenditures	743.1	100.0	1265.3	100.0	2263.1	100.0	4151.9	100.0	
Current of which	575.3	77.5	899.7	71.1	1185.6	62.8	2140.8	51.6	
Ministry of State	10.9	1.5	13.8	1.1	15.8	0.7	37.5	0.9	
Ministry of Finance and Industry	6.7	0.9	9.8	0.7	22.5	1.0	32.8	0.8	
Ministry of Economy and Commerce	0.4	—	3.9	0.3	5.5	0.2	8.6	0.2	
Ministry of Interior, Justice and Defence	167.8	22.6	272.1	21.5	312.6	13.8	668.0	16.5	
Ministry of Housing and Public Works	7.2	1.0	13.9	1.1	15.1	0.7	34.8	0.9	
Ministry of Communications	11.3	1.5	22.9	1.8	28.0	1.2	44.5	1.1	
Ministry of Health	45.7	6.1	76.8	6.1	102.5	4.5	204.8	4.9	
Ministry of Agriculture and Fisheries	12.4	1.7	17.8	1.4	19.9	0.9	38.4	0.9	
Ministry of Education and Youth	103.1	13.9	147.7	11.7	179.1	7.9	271.4	6.8	
Ministry of Petroleum	1.5	0.2	7.4	0.6	8.1	0.4	21.3	0.5	
Ministry of Electricity and Water	34.0	4.6	39.2	3.0	90.1	3.5	98.5	2.4	
Other ministries	107.5	14.0	201.3	15.9	237.0	10.5	382.7	9.6	
Unallocated	66.7	9.0	74.3	5.9	170.3	7.5	300.0	7.2	
Development of which	163.8	22.0	302.6	23.9	854.6	42.2	1797.8	43.3	
Ministry of Interior, Justice and Defence	0.2	—	24.4	1.9	84.5	3.7	139.2	3.4	
Ministry of Electricity and Water	26.9	3.6	34.9	2.8	222.9	9.9	327.5	7.9	
Ministry of Housing	27.0	3.6	42.3	3.3	83.9	3.7	207.9	5.2	
Ministry of Communications	76.1	10.2	104.8	8.3	243.2	10.7	386.3	9.3	
Ministry of Health	11.4	1.5	39.0	3.1	74.9	3.8	96.0	2.3	
Ministry of Agriculture	1.3	0.2	25.8	2.0	61.3	2.3	91.6	2.2	
Ministry of Education and Youth	17.0	2.3	23.5	1.9	154.1	6.8	309.3	7.4	
Equity participation	4.4	0.6	8.1	0.5	39.8	1.8	150.0	3.6	
IMF account	4.0	0.5	11.8	0.9	39.3	1.7	168.3	4.0	
Surplus (+) or Deficit (-)	57.4	—	508.5	—	-100.0	—	—	—	

Notes: (1) Excluding the amounts allocated for ministries in the federal government which are still funded and administered by the Abu Dhabi Government.
(2) Excludes the Council of Ministers and the National Federal Council of State.
(3) Including the Ministries of Labour and Social Affairs, Islamic Affairs, Information, Planning and Foreign Affairs.

Source: Federal Ministry of Finance and Industry.



Communications

In 1968-75, capital expenditure on communications in Abu Dhabi totalled 1,043.8m dirhams with 515.4m dirhams and 805m dirhams allocated in 1976 and 1977 respectively. The level of spending on transport in Dubai was probably even higher.

Significantly, expenditure on development by the federal Ministry of Communications oversaw the launch of projects initiated and financed by the individual emirates. It has progressed even more rapidly, from 37m dirhams or 2.3 per cent of total capital spending in 1972 to 396.3m dirhams or 9.3 per cent of the total in 1976.

Such expansion signals the rapid development of the transport sectors in the poorer emirates. The vast Gibb & Partners, has already started with the award of a contract to Dong Ahn Construction of South Korea. To service the new of port congestion which is a lead to scarcities and inflationary pressures also call for substantial improvements to relieve bottlenecks. But the final encouragement is perhaps the often competing aspirations of the various emirates to transform themselves into major counterparts of the Gulf.

Accordingly, port development has dominated transport investment. Although expansion has been hampered by a shallow rock base at the harbour's entrance, Abu Dhabi has assiduously built up its port capacity from the 12 berths available in 1972 to 18 in use by the end of 1976. Nevertheless, port development, port expansion are being carried out by a British consultant, Sir William Balcrow & Partners, and by British contractors — a Costain/Taylor Woodrow joint venture.

Banking

Bloated by surplus oil funds and encouraged by liberal licensing policies, the banking sector has grown rapidly and the supervision of the UAE Current Board, the central banking authority set up in 1973 to issue currency and regulate the banking system.

At the time of its incorporation, there were 14 foreign and six locally incorporated commercial banks, plus a total of 26 branches with 160 authorized branches by March 1974 and 39 commercial banks by January 1975. Locally incorporated banks with 246 licensed branches by January 1975.

A moratorium on new foreign bank and restrictive conditions on additional offices of existing banks were then introduced to encourage the creation of indigenous banks.

At the time of its incorporation, there were 14 foreign and six locally incorporated commercial banks, plus a total of 26 branches with 160 authorized branches by March 1974 and 39 commercial banks by January 1975.

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A new freight

FOCUS ON

Research by Middle East Economic Digest/MEED Consultants.

Trade

Imports per capita in the UAE are the highest in the world, at 39,000 dirhams, the highest in the world, saturation is at the port rates about 50 days is a natural slow rate of growth per cent in 1974 to 1976 with a decline expected in 1977. The proportion of consumer goods has, in contrast, fallen from 61.2 per cent to 47.1 per cent in the same period but still amply demonstrates the almost excessive degree of consumer consumption in Dubai. Imports of food, clothing and electrical appliances have been especially strong.

Imports by major country of origin ('000 dirhams)

	1972	1973	1974	1975	1976 (Jan-Jun)
UAE	1,615,578	2,488,944	4,880,880	8,094,658	4,987,278
UAE	428,018	652,200	1,279,295	1,735,528	1,113,549
UAE	327,895	561,208	1,082,028	1,880,386	1,151,281
UAE	304,431	531,418	918,818	1,644,825	1,018,723
UAE	66,828	157,759	461,664	751,743	488,206
UAE	89,181	134,353	219,247	335,225	290,082
UAE	41,719	63,111	181,455	355,200	188,156
UAE	62,855	70,887	183,542	282,309	181,550
UAE	120,146	108,888	148,948	133,438	78,417
UAE	36,572	70,832	115,467	217,145	66,283
UAE	75,134	138,930	330,196	568,881	393,055
UAE	78,147	139,297	391,522	431,157	247,027
UAE	186,539	221,308	538,230	864,147	389,281
UAE	14,204	74,079	172,200	184,568	112,763
UAE	86,473	28,187	59,255	78,627	161,713
UAE	87,862	121,043	306,775	400,952	114,805
UAE	256,957	450,862	1,052,566	1,520,501	844,150
UAE	21,381	87,410	282,219	385,068	151,471
UAE	65,961	93,354	217,848	339,080	347,439
UAE	35,782	51,730	190,821	199,847	66,292
UAE	2,175,001	3,352,142	7,053,499	10,910,109	6,534,062

UAE Currency Board Bulletin

Abu Dhabi and Dubai: commodity classification of imports (dirhams m)

	1972	1973	1974	1975	1976 (Jan-Jun)
live animals	245.5	344.7	822.3	1,020.8	515.1
and tobacco	58.4	75.5	112.0	152.2	105.9
minerals, inedible, except	39.0	88.4	146.2	147.8	108.9
fuels, lubricants and	111.5	189.8	537.3	780.9	438.8
materials	5.5	6.0	36.8	18.0	14.2
vegetable oils and fats	60.5	100.7	212.5	404.5	235.0
red goods, classified	511.3	886.1	1,857.4	2,884.1	1,808.0
by materials	632.8	1,081.2	2,198.7	4,383.2	2,899.2
and transport equipment	309.9	414.5	618.7	1,051.7	552.6
or manufactured articles	35.0	24.4	48.2	112.0	55.3
materials	165.3	272.8	412.2	—	—
	2,175.0	3,352.1	7,053.5	10,910.1	6,534.1

Government of Abu Dhabi, Customs Department; Government of Dubai, Statistics Department; UAE Currency Board Bulletin, vol 3, no 1, Nov 1976

Aid

The UAE's foreign policy displays the common denominators marking the external responses of almost all the small, oil-rich Arab states.

The principal aims of the UAE's foreign policy include the stabilization of the regional balance of power to the advantage of the moderate and conservative expressions of Arab nationalism, the resolution of latent tensions in the Gulf and the Arabian Peninsula, the promotion of a viable settlement to the Palestinian conflict and the creation of friendly relations in Asia and Africa to the exclusion of radical alliances and movements. Like Kuwait and Qatar, the UAE has fashioned foreign aid into the principal instrument of such a policy. But the UAE's operation of aid programmes is almost unparalleled in its generosity, with foreign aid per capita reaching 7,323 dirhams (\$2,100) in 1976. Abu Dhabi monopolizes the foreign aid schedules. The 13,897m dirhams committed in foreign grants, loans and participations in 1971-76 was totally financed by Abu Dhabi. The receipts by Abu Dhabi in 1976, in the same period, amounted to 52,800m dirhams. Significantly, progressively larger shares of oil revenues are being devoted to overseas aid and participations, from 15.7 per cent in 1971 to 25.5 per cent in 1976. The Government of Abu Dhabi insists that this trend will continue. Direct government-to-government assistance accounted for 45.2 per cent of total aid in 1976, compared with 57.2 per cent in 1971. Such a high proportion of grant aid is because of the UAE's commitments to the front-line states—Egypt, Syria and Jordan—after the Khartoum summit in 1967 and the Rabat summit in 1973. Substantial grant-aid over and above the front-line commitment is also extended to cover Egypt's balance of payments deficits. There is a strong trend towards concessional development assistance and participations. As a result, foreign loans increased from 93.1m dirhams in 1971 to 2,500m dirhams or 47 per cent of total aid in 1976. During the same period, participations grew from 13.4m dirhams to 409m dirhams. The principal agency for the extension of both loans and participations is the Abu Dhabi Fund for Arab Economic Development (ADFED) set up in 1971 with a capital of 5120m.

ADFED: Commitments by country to September 1976

Country	Number of loans	Amount (m dirhams)
Bahrain	3	200.00
North Yemen	2	44.00
South Yemen	2	35.58
Oman	1	60.00
Syria	2	51.43
Yemen	1	25.50
Egypt	2	208.40
Tunisia	4	46.20
Morocco	2	110.00
Sudan	1	80.00
India	1	68.00
Bangladesh	1	40.00
Burundi	1	4.00
Republic of Maldives	1	8.00
	25	980.26

Foreign grants and payments:

Government of Abu Dhabi	(m dirhams)	1971	1972	1973	1974	1975	1976*
Grants	142.5	180.1	1121.8	1837.7	2154.1	2403.8	2403.8
Capital payments	106.5	142.8	116.6	583.9	2240.0	2909.0	2909.0
Loans	93.1	141.9	90.9	277.9	1630.2	2500.0	2500.0
Participations	13.4	0.7	25.7	286.0	613.8	409.0	409.0
Total	249.0	322.7	1238.7	2401.6	4376.6	5309.0	5309.0
Oil receipts*	1589.1	2075.2	3043.3	13702.5	14381.8	18014.0	18014.0
Share of foreign payments (per cent)	15.7	15.6	40.7	17.5	30.6	29.5	29.5

*estimate Source: Finance Department, Government of Abu Dhabi

Communications

continued from facing page

the other Gulf ports. Completion is scheduled for 1978.

Mina Saqi at Ras al-Khaimah is also scheduled for completion in 1978 and will have five general cargo berths for vessels of up to 16,000 tons as well as a roll on roll off berth. An additional berth for aggregates is also being constructed. Fujairah is as well developing a smaller-scale deep water harbour while Ajman has expanded its facilities to include a small drydock.

Airports have received the same lavish attention. In addition to its existing international airport, Abu Dhabi is building new international airport at Al Ain and near Abu Dhabi town. The latter is scheduled for completion in 1980 when the existing one will close. Dubai's airport is being equipped with another runway and a new terminal building with improved

four-lane dual carriageways. International highways do not, however, yet exist although roads to Oman and Qatar are under construction. The link-up via Qatar to the trans-Arabian highway and direct access to Europe is unfortunately complicated by demarcation disputes over the last 25 km section, claimed by both Abu Dhabi and Saudi Arabia. Until completion of this section, probably in mid-1978, haulage rates will continue to prevail at about \$140 a cu metre for journeys to the UAE from Europe.

Dubai: comparative figures of yearly tonnage landed ('000 tons)

	1974	1975	1976
Ocean vessels	1833.6	2140.7	3610.8
Country craft and road transport	79.8	63.1	91.0
Air freight	8.0	12.2	32.7
Coastal tankers	1097.6	1144.0	1309.0
Total	3068.8	3359.0	5043.5

Source: Dubai External Trade Statistics, January 1976 and January 1977

Telecommunications

The United Arab Emirates' role as a regional, commercial centre demands excellent domestic and external telecommunications.

Ever willing to enhance that role, the governments of the individual emirates as well as the federal Government have embarked on a rapid development of communications networks. As a result, the primitive, overworked telecommunications system operating in 1970 has improved dramatically.

The telephone system is now fully automatic with direct dialling to most parts of Europe, including Britain. The ratio of telephones to population is one of the highest in the Middle East, although still inferior to that of the UAE's main rivals, Bahrain and Kuwait, and there are 45,000 telephone lines and 3,000 telex

stations in use. By 1979, the number of telephone lines and telex outlets should have increased to 150,000 and 8,000 respectively, which should bring the UAE to the top of the Middle East telecommunications table.

To Abu Dhabi alone, during 1970-75, telephone lines in use increased 387 per cent to 9,153 and telex stations by 1,067 per cent to 385. Demand was almost equally aggressive. In the same five-year period, outgoing overseas calls leapt from 95,422 to 189,225, foreign cable traffic from 157,100 to 287,040 and, expressing the ubiquitous Middle East reliance on the telex system, telex calls from 11,184 to 302,230. Dubai, with its traditional

trading and banking links, has experienced an even more astonishing pace, with a 159 per cent increase in forwarded international calls registered in 1974 alone. The smaller emirates, especially Sharjah and Ras al-Khaimah, are promoting the same rapid pace of development.

Satellite rather than cable circuits characterize the telecommunications networks. An earth satellite system costing 20m dirhams was inaugurated in 1975 at Jebel Ali in Dubai and is capable of international telephony at a rate of 60,000 calls a year by 1985, international telex and colour television. The existence of three earth satellite stations for a population of 700,000 expresses in part the rivalry among the individual emirates and the lack of coordination which has, until recently, characterized communications development.

Sharjahport

Freightway to the Gulf

A new concept in freight transport

The Emirate of Sharjah is the fastest growing state in the Gulf. Through offering an unusually favourable environment for private enterprise it is rapidly developing into one of the premier financial and business centres in the Middle East.

Sharjah's attitude to business is only one of the advantages of establishing trade links, another is location. Sharjah stands at the natural gateway to the rapidly expanding markets of the Arabian Peninsula and Iran. The Emirate is also developing quickly as the Gulf's main intermodal transport and freight transhipment centres.

Sea, air and land freight transport services and facilities are being carefully developed to cater for the Gulf's transport needs today - and for the integrated transport needs of tomorrow. The concept is known as "Sharjahport".

"Sharjahport" is the first intermodal transportation system in the Middle East. It offers shippers the opportunity to combine sea, air and land transport services.



Sea Freight

Port Khalid Sharjah has the first purpose built container terminal in the Gulf. The twin berth, twin crane facility was commissioned in August 1978 and has established service links to and from Europe, North America and the Far East.

Port Khalid also caters for conventional, palletised and Ro-Ro cargo. By mid-1978, at Khor Fakkan on Sharjah's East Coast, "Sharjahport" will offer the Gulf's first transhipment port able to handle the world's largest container ships. Liner vessels operating via Suez and the Indian Ocean will be able to tranship Gulf bound cargo to land and sea feeder services connecting with destinations throughout the Middle East and Iran.

Shipowners will save the time and expense of roundtrip voyages through the congested Hormuz Straits. Sea feeder links to and from Port Khalid, beginning in 1978 Khor Fakkan - cover Bahrain, Kuwait, Doha, Dammam and the Iranian ports.

Air Freight

By-passing the congestion problems at other Gulf airports, and with its advanced cargo handling capability, Sharjah International Airport forms a key element of "Sharjahport".

Opened in January 1977, Sharjah International Airport is the first airport in the Gulf with purpose built cargo facilities capable of handling the largest wide body commercial aircraft in service.



It is being equipped as the first fully containerised air cargo terminal in the Middle East, able to handle both dry and refrigerated air cargo.

Sharjah International Airport offers the facility for maximum exploitation of intermodal air-to-sea cargo transhipment to suit shipper's requirements.

Associated with the airport is the adjacent development of an industrial and business park which will include sites for a free zone, light industry and airport related warehousing and distribution.



Land Freight

Sharjah is at the hub of the UAE's modern highway system, and "Sharjahport's" facilities benefit from first class highway connections and trucking services throughout the UAE and the Arabian Peninsula.

Long distance road feeder services can provide fast links to and from such centres as Dammam, Al Khobar, Riyadh, Doha and Muscat.

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GF004	1910	2115		0535	0815		
GF006	1910	2115		1845		2210	
GF008	1910	2115		0525	0815	0820	
GF010	2045			1835	2145	2238	
GF012	2045			0525	0815	0825	
GF014	1910	2115		1845	2145		0835
GF016	1910	2115		0535	0815	0825	
GF018	1910	2115		1845	2145	2238	
GF020	2045			0525	0815	0825	
GF022	2045			1845	2145	2238	
GF024	1910	2115		0535	0815	0825	
GF026	1910	2115		1845	2145	2238	
GF028	2045			0525	0815	0825	
GF030	2045			1845	2145	2238	
GF032	1910	2115		0535	0815	0825	
GF034	1910	2115		1845	2145	2238	
GF036	2045			0525	0815	0825	
GF038	2045			1845	2145	2238	
GF040	1910	2115		0535	0815	0825	
GF042	1910	2115		1845	2145	2238	
GF044	2045			0525	0815	0825	
GF046	2045			1845	2145	2238	
GF048	1910	2115		0535	0815	0825	
GF050	1910	2115		1845	2145	2238	

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FOCUS ON

Insurance and ports

Rapid increase in number of new berths

by Paul Routledge

A casual visitor to the United Arab Emirates, culling along that once-deserted coastline, might well ponder the purpose of the frenzy of building that meets his eyes. The din of construction disturbs the calm, and dust rises from work on artificial promontories stretching out to sea. The answer is that a very noisy revolution in port development is going on, with the emirates competing madly with each other to cash in most on the Gulf's cargo and container boom.

And the reason for that revolution is not hard to find. Since the Opec quadrupling of oil prices, the emirates have a lot of money to spend. Practically nothing is yet manufactured locally, so it all has to come in by ship, whether it is beer or steel. The reopening of the Suez Canal resumed the cheap travel link with Europe, and a veritable flood tide of imports is now finding its way into the UAE.

To cope with today's volume of traffic, and the greater quantities expected in the future, ports that 10 years ago could barely accommodate lighters let alone the heavy Arab dhow are being extended and, in some cases, replaced by modern, more complex cargo ships afloat.

Most of the development is taking place on a short stretch of the UAE's Gulf coast, with the exception of a new deep-water port being built on the Gulf of Oman, facing out to the Indian Ocean. It is rather like building five more Southampton on the Hampshire coast. The pace of development causes some of the more seasoned dock operators to shake their heads in apprehension: it must leave the country with too many berths chasing too few ships, they argue.

Port Rashid, as Dubai, is the oldest of the ports with a long tradition as an entrepot (and of piracy). Only 20 years ago, the creek was opened up to dhows. Now there is a fully fledged port where 19 berths are coping with more than four million tons of cargo a year.

Two container cranes have been commissioned this year, and three heavy-lift cranes are included in a £200m investment programme which will boost the number of berths to 37. New breakwaters are being constructed, and land reclaimed to extend the port area. When completed, Port Rashid will be able to handle 13 million tons a year.

That there is a need for more berth space in the UAE is undeniable. Flying over Dubai, you can see two dozen ships at anchor awaiting their turn to tie up and discharge. The present delay is 65 days; vessels call in about 10 days, then sail on to the next port of call after reserving a place in the queue.

Also in Dubai, Sheikh Rashid bin Sayed al Maktum is pushing ahead with a vast new 74-berth port at Jabal Ali, some 20 miles south of the capital. This huge £400m venture will be linked to a new petrochemical-industrial complex. Four berths are scheduled to be ready for direct delivery of building materials by the end of this month.

The container revolution has arrived in Port Rashid with two cranes supplied by Sea Containers, the British-based but American-owned leasing and shipping firm. About 2,000 containers a month are passing through Dubai, but there is strong competition 12 miles away in Sharjah, where the fast-growing Port Khalid has leased two cranes from Sea Containers. Seairain, an American company, is operating the terminal there and it has big expansion plans.

Port Khalid, operating from five berths, will be up to nine by the end of the year, and construction of a further seven should follow by the end of 1979. Sharjah's port has the first purpose-built container terminal, and is handling 4,000 container units (TEUs) a month. The familiar orange steel boxes of Sea Containers, which lease most of the containers used in the Gulf, are stacked in neat rows on a hard-standing off the quayside. It looks, and is, an impressive operation, but Sharjah also claims a "secret weapon".

in the new deep water port facing the Indian Ocean at Khor Fakkan.

This port, due to open in mid-1978, is designed to ramp vessels away from the politically-sensitive Strait of Hormuz and the congested ports of The Gulf. On the map it looks isolated, but a road-building programme is bringing this coast into the network of highway connections that will put Seairain in direct contact with the whole Arabian peninsula market. Khor Fakkan, equipped with a 1,300ft long quay, will be able to take the largest container vessels now operating with two 40-ton cranes.

Mr Robin Crawshaw, president of Sharjah's Port Management Services, which operates Port Khalid and Khor Fakkan, believes that with container ships costing up to £10,000 a day to run, shippers will be attracted to a port that involves a short diversion from the main east-west shipping lanes, and a ready-made trucking operation into the emirates and beyond.

He says that too many general cargo berths are being built at other ports, when experience shows that once a trade starts to develop it becomes 50 to 60 per cent containerized.

Such thinking does not appear to impress the ruler of Abu Dhabi, the richest of the states, where Port Zayed, which had only three berths in 1972, is expanding to 21 by the end of this year and 29 by the end of 1979. Dredging, tipping and pile driving is going on incessantly, and a contract has been awarded to a South Korean firm to build a breakwater designed to protect a further 34 berths.

As if that were not sufficient to cope with the influx of trade ("practically doubling every year", according to Mr Arthur Burn, head of the Gray Mackenzie shipping station there), Abu Dhabi is planning its own version of Jabal Ali—a huge port at Al Ruweis near the oil terminal of Jabal Dhanna. The port will be connected to a £1,200m industrial centre with petrochemicals, a steel mill and other plants.

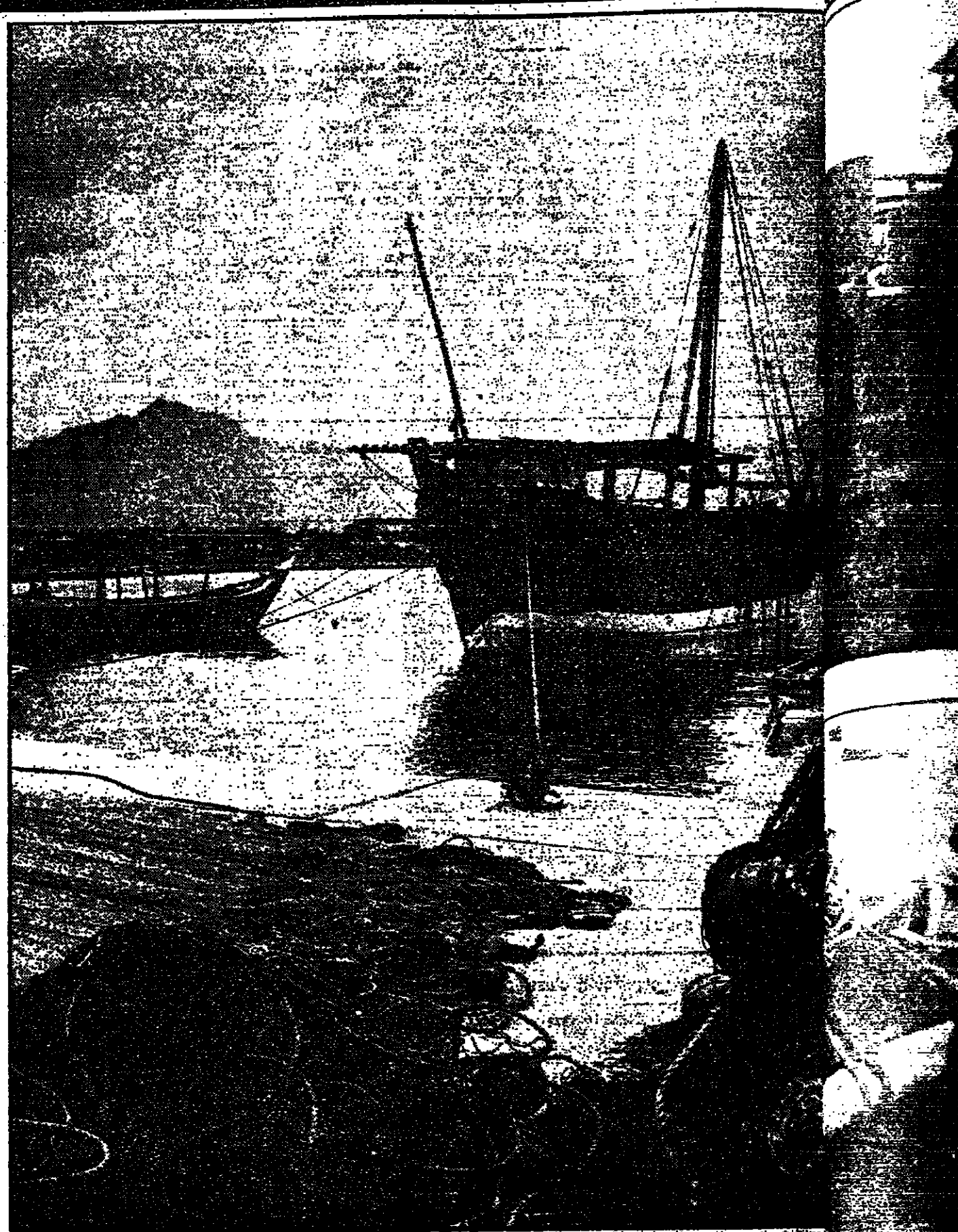
Abu Dhabi has been slow to get in on the container race, but the intent is there. Three Yugoslian ships are offloading about 180 containers a month and others bring the total up to about 250. Port Zayed's capacity to take advantage of the container boom is handicapped by lack of storage space, although three berths for the trade are expected to figure in the extension scheme.

The smallest states of the UAE are not to be left out of the reckoning. Ras al Khaimah, with a population of that of Wakefield, is to have a six-berth port next year. The small state of Ajman is dredging to improve its wharfrage, chiefly for fishing vessels, and federal funds are being diverted to help the indigent state of Umm al Qaywayn to expand its wharfrage. A new two-berth port is under construction at Fujairah, on the Gulf of Oman, some 20 miles south of Khor Fakkan at the centre of the UAE's most attractive natural resort area.

The prospect of berths for about 300 ships by 1980 where there were practically none a decade ago does not appear to perturb the shipping-conscious rulers of the UAE. In so far as their aims are a matter of informed knowledge and comment among the experienced managers to whom it falls to run the ports, they are regarded with a certain bemused admiration. They might shake their heads in disbelief as one heady scheme is topped by another more ambitious; but they add that was their reaction five years ago when the shipping boom started in earnest—and now look at us.

Perhaps the history of the Trucial States has something to do with it, as well as the whisper of economists into shajhs' ears. Native sailors first gained notoriety as pirates: their fleet was reckoned 800 strong as early as 1809. Now, with the birth of a modern nation, a new kind of entrepreneurial spirit is about. Instead of sending out armed vessels, the emirates are investing their oil capital to lure in the lucrative trade off the high seas.

The author is Labour Editor, The Times.



The waterfront at Khor Fakkan.

Facing page: Port Rashid harbour (top);

a dhow carries melons in Dubai



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Wealth may prove costly lure to insurance men

by John Brennan

The United Arab Emirates is widely viewed as the last open frontier for foreign insurance companies in the Arab world. The seven emirates remain uniquely receptive to foreign investment. But as insurers from the world's markets flood into this enclave of free enterprise there is a growing danger that for many the invasion will prove more costly than effective.

Arab critics of foreign companies' participation in the direct insurance markets of the Middle East feel that fierce competition in the emirates will in the long run prove to be counter-productive. Loss-leading by foreign groups may enable them to break into the market. But to rely on business which is a side effect of accepting prestige risks is to undermine the both the pace of development in the local UAE insurance market and pan-Arab pressure for localization of national markets.

As a politically stable and open market, and because of the UAE's own oil wealth as well as its position as a key trading centre for the Gulf, the main cities of Dubai and Abu Dhabi act as a magnet for insurers. Many office walls in the cities carry the name plates of companies and agencies of British, Swiss, German, American, Japanese, Lebanese and Kuwaiti insurance groups. And the list of the British insurance brokers and companies involved in the market either directly or indirectly through agencies reads like an insurance Who's Who. But can the UAE sustain this onslaught?

On the face of it statistics produced by the UAE Monetary Board could be taken to show that there is room for everyone in the market. In 1974 the board shows that direct insurance premiums within the emirates amounted to 78.8m dirhams (\$20.2m). By 1975 premium income had risen by 78 per cent to 140m dirhams. And with more than \$3,000m of oil revenues to spend each year the pace of development within the UAE underpins a continued boom in premium income.

A closer look at the figures presents a less encouraging picture for the local market. In 1974 the board shows that direct insurance premiums within the emirates amounted to 78.8m dirhams (\$20.2m). By 1975 premium income had risen by 78 per cent to 140m dirhams. And with more than \$3,000m of oil revenues to spend each year the pace of development within the UAE underpins a continued boom in premium income.

From Europe the UAE may appear to be a tempting collection of major construction and industrial projects.

foreign companies operating in the local direct market. From the 1975 figures it emerges that, despite the apparent freedom of the market, national companies with majority local shareholdings accounted for 44 per cent of total premium income.

Gulf—primarily Kuwaiti—groups accounted for another 11 per cent and what the Monetary Board describes as other Arab companies, which include locally managed agencies with Arab shareholdings accounted for a further 18 per cent. That left 25 per cent of premiums for foreign direct insurers, which might seem a satisfactory share but for the disproportionate effort and costs involved in setting up these branches and their dismal claims experience.

The Monetary Board's statistics hammer home the point that, if there are no legal requirements directing good business towards local companies, there are effective social pressures which achieve much the same effect. And the claims figures also underline both the effects of loss-leading by overseas groups and the difficulties they face in trying to use expatriate staff in competition with locals who truly know the market.

Claims costs for the national companies ran to 19m dirhams, just 31 per cent of their premium income. In 1975 claims costs of 62 per cent for Gulf companies compared with costs of 48 per cent of premiums for the Arab companies. Against that impressive record of underwriting profits the foreign companies recorded claims of 25m dirhams on an income of 25m dirhams, claims experience of 92 per cent before allowing for expenses.

It may be unjust to treat the 1975 figures as typical, given the inevitable teething troubles that face foreign companies establishing branch offices. But the local national Arab and Gulf companies inbuilt advantages in the direct market give them a competitive edge that they are busily capitalizing on, and so there will be no sudden riches for the newcomers however fast the overall market develops.

The UAE's local direct market may prove to be a graveyard for the ambitions of over-enthusiastic foreign insurers. But the pace of development in the emirates leaves plenty of scope in the reinsurance market and it is here that Britain's traditional and linguistic links with the area and its world lead in terms of both capacity and rating experience combine to maintain its preeminence.

The author is Insurance Correspondent, The Times.

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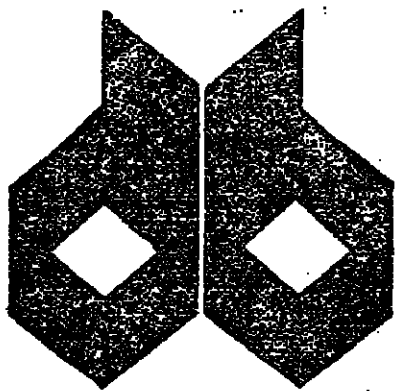
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FOCUS ON

Defence

A group of traditionally rival shaikhdoms is making some progress along the federal road despite earlier difficulties

Military merger means a force to reckon with

by Denis Taylor

At times the federal spirit in the United Arab Emirates seems only skin deep. Perhaps it would be foolish to expect anything else after such a short experience of statehood by a group of traditionally rival shaikhdoms.

But some progress is being made along the federal road and, despite earlier difficulties, the UAE finally merged its constituent defence forces just over a year ago.

Standardization may be in its infancy, but at least the decisive break with the tradition of rulers maintaining their own protectors has been made. The possibility of introducing national service is said to be under consideration.

Before May 1976 there were five different military groupings, those of Abu Dhabi, Dubai, Ras al Khaimah and Umm al Qaywayn as well as the United Defence Force, the heir to the Trucial Oman Scouts. Sharjah had already merged its troops with the federal army, which stood at 3,000 men. Abu Dhabi alone had forces of 15,000.

When the merger finally came this was seen as a concession to federalism by the rulers with smaller numbers at their command, notably Shaikh Rashid of Dubai, who had built up his own strength from 300 men in 1971 to more than 2,000. The UAE defence ministry is in Dubai.

In something of a trial run the police, security and immigration departments of the separate emirates were amalgamated in November 1975.

Guard on door to protect the valuables

When the announcement finally came that the Armed Forces were to be unified their role was said to be to protect the state from outside attack and to maintain security and stability. A more realistic analogy I heard of in the UAE is that you do not leave a house full of valuables without posting a guard on the door. "We have to have a force to protect the oil", an official said.

With land, naval and air forces of little more than 20,000 men, the UAE military effort may look modest in a region noted for massive expenditure on arms, particularly by its neighbours, Iran and Saudi Arabia. But the emirates' capability is not that small.

While its forces are dwarfed by those of Iran and Iraq, the UAE has nearly half as many men under arms as Saudi Arabia, about the same as South Yemen and significantly more than those of the other Arab littoral states.

One expatriate defence instructor suggested that the UAE was inclined to buy weapons as if they were toys, without giving sufficient consideration to whether they were needed and could be effectively used.

This is rejected by the authorities. Their argument is that purchases are not made before it has been shown that men can be taught to handle the equipment. Also it is claimed that, despite the country's wealth, military expenditure has to be justified against other development priorities.

The training argument obscures an important point about those who serve in the UAE Armed Forces. Increasingly, its members are being trained to fly and perform other advanced military skills and Shaikh Mohammed bin Rashid, the Minister of Defence, is a qualified fighter pilot. But the Armed Forces still have to rely on expatriate officers.

This continues to be the case, even though British contract officers have been replaced by Pakistanis and increasingly by those from other Arab countries. As Arabic is the language of command, this certainly makes practical sense.

Major-General Awwad Al-Khalidi, the commander in chief, is from Jordan. I was told that there were about 15 or 20 British officers serving in the UAE at present. But it was suggested that the proportion of Britons was not a narrow political calculation and that the authorities were flexible enough to be able to ask the Ministry of Defence in London for more contract officers if it was felt their skill was needed. There is, however, no denying the trend towards bringing in Arabs from friendly nations to fill the role once performed by the British.

Contract officers apart, it is hard to discover how many members of the forces are actually from the UAE. Some soldiers were recruited before the formation of the state. Many are Omanis. Omani is an ethnic as well as a political description and in a part of the world where boundaries have proved notoriously difficult to draw in the desert it is not always easy to say which side of a wadi someone comes from.

As well as the shortage of skills, the low numbers of UAE nationals means that the defence forces will continue to have to rely on troops originating outside the country. Some are even from Zanzibar, an island with which this part of the Arabian peninsula has historic ties.

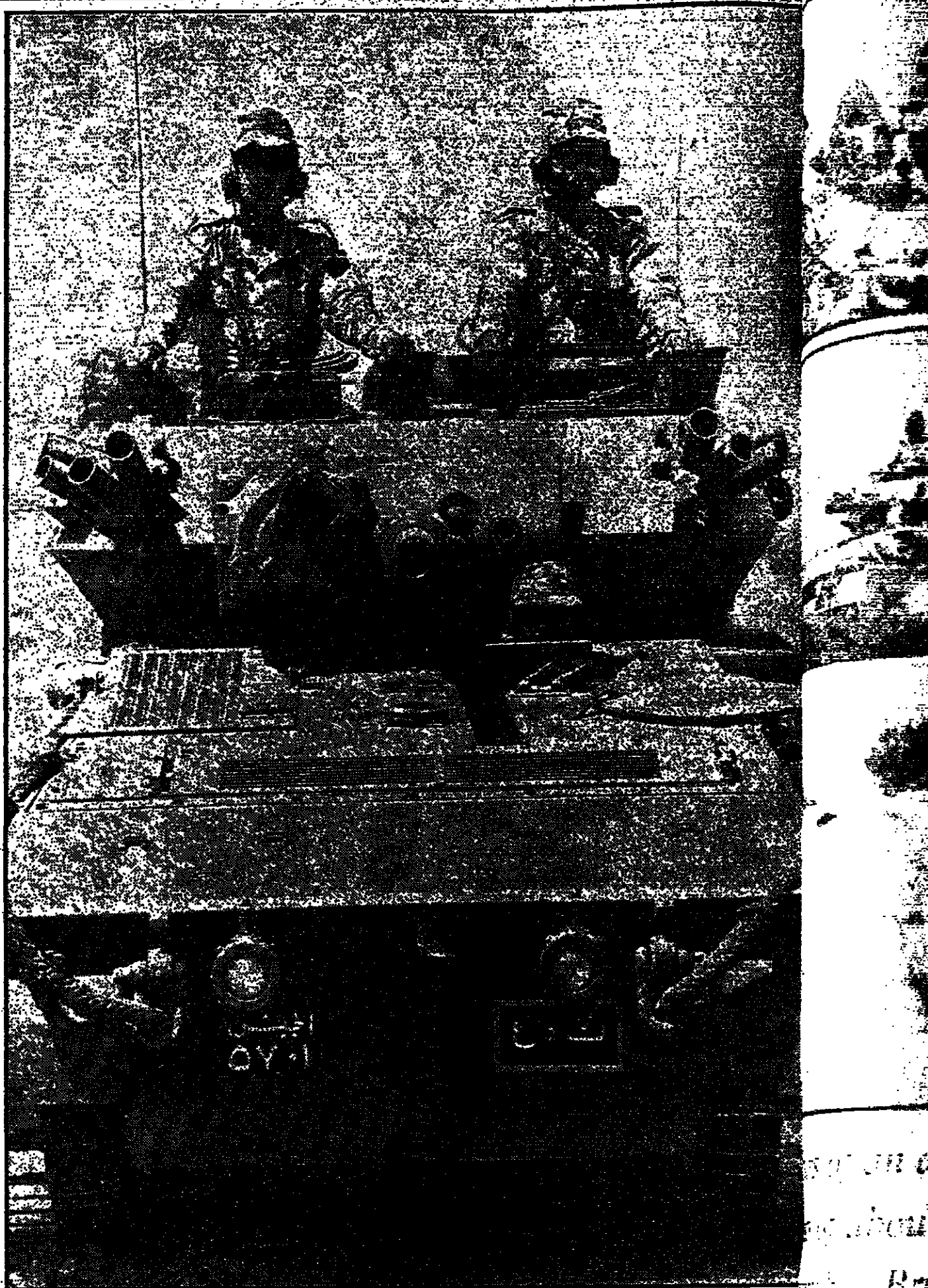
The UAE army is equipped mainly with British weapons. These include Scorpion light tanks, Saladin and Shortland armoured cars, Ferret scout cars, 105mm artillery and Sterling small arms. The Army also has Rapier surface-to-air missiles, bought from the British Aircraft Corporation by Abu Dhabi, and Vigilant anti-tank guided weapons.

Pact covering training and arms sales

AMX13 light tanks and Panhard armoured cars have been supplied by the French. France also provides the backbone of the Air Force. The UAE has bought 32 Mirage V fighter-bombers, and two months ago signed a military cooperation agreement in Paris covering training and further arms sales.

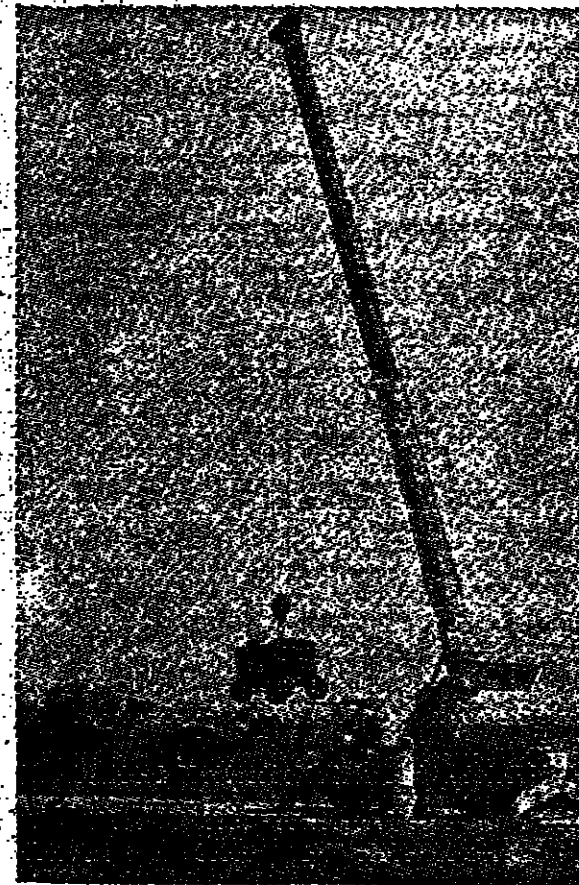
Italy has sold the emirates counter-insurgency aircraft. The Navy operates large patrol craft, and coastal patrol vessels are also used by the police.

Given the limited physical capacity for defence, the UAE's security probably lies in building the best possible diplomatic relationships with states in its region, including those with radically different regimes such as Iraq. This is proceeding to do. A UAE contingent has also been sent to Lebanon as part of the mainly Syrian peace-keeping force.



Desert exercise. A unit of the Central Military Command of the UAE Armed Forces puts a British-built Scorpion light tank through its paces

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Members of an artillery unit get a 105mm gun into position during the exercise. The UAE Armed Forces have a strength of about 20,000 men and are equipped largely with British and French weapons. As well as the Scorpions army has British-made Saladin and Shorland armoured cars, Ferret scout cars, Rapier and Vigilant missiles.



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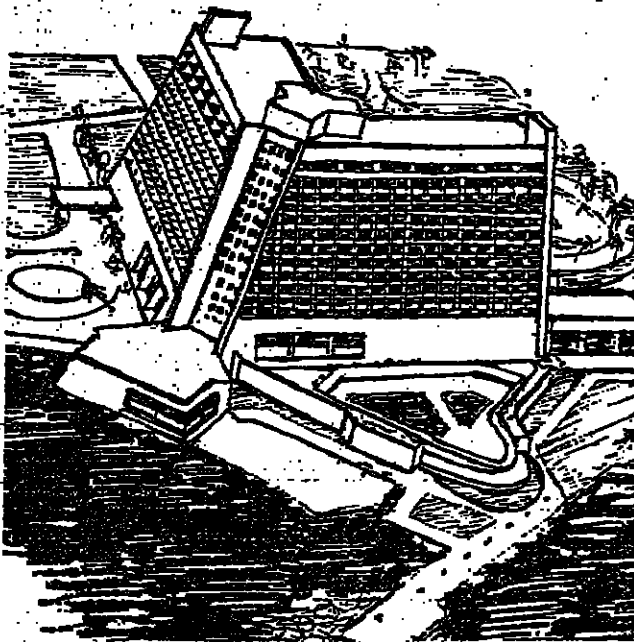
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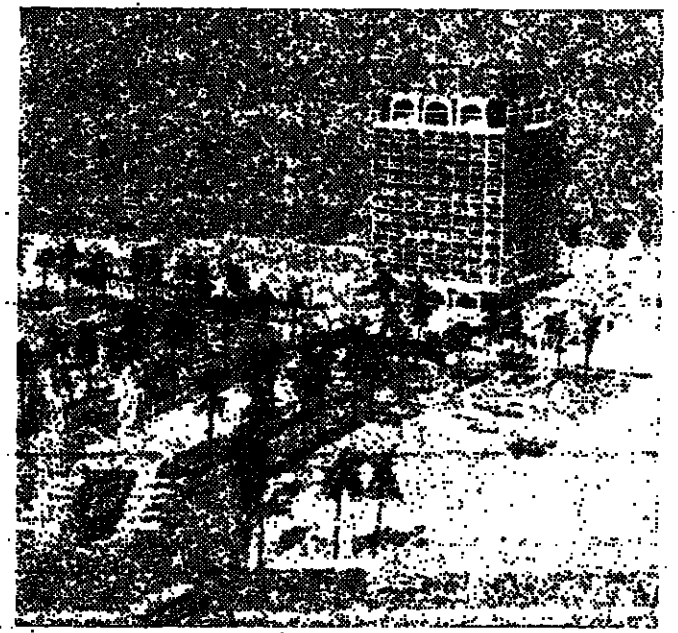
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FOCUS ON

People

Nasser al-Nowais (late twenties); deputy director of the Abu Dhabi Fund and since June 1 one of the triumvirate which has taken over the currency board in the aftermath of the banking crisis. (Abu Dhabi)

When he arrived back home in Abu Dhabi after graduating in New York in 1974, it was to be three years before Nasser al-Nowais took a holiday. Although America had been only the second foreign country he had visited, it was to go to another 30 in the next three years, dispensing about \$250m in aid. After getting to know most of Asia and Africa as well as Europe and the United States, Mr al-Nowais remains androphilic in general and Anglophilic in particular.

At the start of this month he was elevated to a commanding position in the economic hierarchy as one of the triumvirate which took over the currency board after a crisis in the banks.

Although born in Abu Dhabi, Mr al-Nowais's family had been attracted to neighbouring Qatar, then under-

going its early oil-based boom, in his infancy and as a result of Qatar's superior schools, had become the first member of his family to acquire an education.

The Qatari Government, then as now, offered children monthly pocket-money as an inducement to stay on at school and in due course Mr al-Nowais finished his secondary school education and returned to Abu Dhabi, by this time itself enjoying initial oil revenues. His father, Sheikh Zayed, was passionately keen to educate the sons of his people and young Nasser was sent immediately, with five contemporaries, to England.

His trip to the United States was a pioneering visit for a citizen of the UAE. Sheikh Zayed had had reservations about sending him there alone but the Foreign Minis-

ter had encouraged the idea. They had no contacts or well-established channels in the country and no personal friends to turn to in case of need.

Mr al-Nowais, though keen to travel, nearly left New York in despair after his first three months. The disagreeable aspect was something he discovered as strong anti-Arab prejudice. Frequently harassed and taunted, he decided to arm himself with some research on the Middle East and its economic development. He was surprised that the Americans were willing to become friends once he argued with them.

New York taught him about poverty as well as prejudice and he developed an interest in the minorities and their difficulties. By this time he had realised that the UAE economy was never going to be a

scientist and had changed to business management, with which he was much happier.

Since returning to Abu Dhabi to take up his present position at the Abu Dhabi Fund for Arab Economic Development (ADFAED) in 1974, Nasser al-Nowais's main preoccupations, apart from travelling in Asia and Africa assessing development projects and becoming arguably one of the busiest men in the Middle East, are manpower in the UAE and the promotion of education and technical training. That issue, he feels, is of more consequence for the future of his country than the present controversies over inflation and the conduct of commerce. Without trained manpower, there will be no UAE economy to worry about.

Sulaiman al-Jassem (aged 26); head of Emiri Diwan, Fujairah, Cairo and Oxford graduate, promising young diplomat. (Fujairah)

As a job description, "Head of the Emiri Diwan" may require some explanation. In more familiar terms, the Head of the Diwan combines the functions of the Controller of the Queen's Household, the Prime Minister's personal assistant, the Ombudsman and the Marshal of the Diplomatic Corps.

On the one hand the direct link between the ruler and the ruler, above the bureaucracy, to whom people present their grievances and through whom they approach their ruler, and on the other the organizer of the ruler's household, and the man with whom the visiting VIP will have the most dealings, he is, in short, a close second in importance to the Emir.

In Al Fujairah, the most remote of the seven emirates, lying entirely beyond the Hajjar mountains on the Gulf of Oman coast, the present incumbent of the post is just 26 years old.

It was in Europe, during

trips to London, Paris, Bonn and Brussels, that he picked up the ideas which now make him, if not unique, then at least very unusual among his compatriots.

Mr Sulaiman al-Jassem hates inefficient organization and time-wasting of any description.

The son of a small businessman who was himself literate and had travelled a little in the Gulf, Mr al-Jassem, went to a local mullah to learn the Koran. In 1958 the east coast was revolutionized by the opening of a modern school in Khor Fakkan, to which he was sent with his brothers and, remarkably, his sisters.

He was sent to complete his secondary education.

For a year he taught in a school which had opened in Al Fujairah itself, but jumped many rungs up the ladder when the elderly ruler, Sheikh Mohammed bin Hamad al-Sharqi, now dead, recommended him for a course in public adminis-

tration at Cairo University to be financed by the new United Arab Emirates Federal Ministry of Education.

Cairo was Mr al-Jassem's first trip abroad and his first big city. Arriving with three Fujairah contemporaries, he was enthralled by its size, activity, variety and history and by the learned and pious atmosphere of Sittin Zaimah.

With the happiest memories of studenthood in Cairo, he returned to the UAE, to the capital, Abu Dhabi, and worked for a spell at the Ministry of Foreign Affairs in the diplomatic corps. He was later selected for the diplomatic course for foreigners at Oxford.

Returning to Al Fujairah in 1975, Mr al-Jassem was chosen by the new ruler, Sheikh Hamad bin Muhammad, himself the youngest member of the UAE Government, to head the Diwan. As well as striving to introduce to his

country an efficient organization and respect for the clock—the aspects of life in Europe he missed most—Mr al-Jassem feels very strongly that some measure of consumer protection is called for, a view rarely encountered in this land of the all-powerful merchant class.

Price and rent controls are his price. On the international scene, he sees the world's problems as fundamentally economic and, like other citizens of the Third World, divides the globe not into East and West but into rich and poor. He is not a fan of the latter including the UAE despite its oil revenues.

He sees inflation as the greatest threat to stability and believes a long-term agreement on raw materials is the best course. On the Middle East, he shares the common view that Israel could be persuaded to accept any solution the United States cared to make it accept.

Aisha Sayyar (early thirties); Director of Social Services at federal Ministry of Education; only UAE woman to reach director level; UAE's first woman graduate and only woman MA. (Sharjah)

Aisha Sayyar, a pearl's daughter, was the UAE's first woman graduate and is still its only woman MA. She is a determined person, has never worn a burka in her life and devotes herself now to encouraging young people, particularly girls, to use their potential to the full.

An enthusiastic traveller, Miss Sayyar, though English was exciting until the United States State Department gave her a 35-day tour of America this May, the first UAE woman to receive such an invitation. Accustomed to making history by now, she is preparing her doctoral thesis to become the UAE's first woman PhD (there are just two men doctors to date).

The Sayyar ancestors

were in the Gulf's historic pearl trade. Aisha's father was a pearl diver and a businessman, numerate, although not educated in the modern system. The other members of the family, including the women, were also literate and versed in the Koran. Sending daughters to secular schools was none the less slightly out of the ordinary 20 years ago and by the time Aisha had persevered as far as secondary school, only four girl classmates left.

Kuwait in those days financed many of the education and health services in the lower Gulf and it was with a Kuwaiti grant that Miss Sayyar went to Ain Shams University, near Cairo, to take her history degree.

Returning home, her with their education? By country's sole girl graduate, Aisha taught history for two years but then decided to go back to Cairo to study for her master's degree, writing her thesis on the history of the Oman coast and East Africa in the Portuguese period.

Today Miss Sayyar is director of the Social Services Department of the Ministry of Education, which involves her in identifying and trying to solve family problems, poverty, handicap, opposition to modern education—standing between a child and his full development, as well as promoting education in general.

A new problem, in which Aisha is very interested, is the future of the thousands of girls now at secondary school. What can they do

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Abd al-Ghaffar Husain (late thirties); deputy director of Dubai Municipality, part-owner of floating hotel, many other business interests including partner of Sir Alfred McAlpine. (Dubai)

The story of the deputy head of the Municipality (Dubai's GLC) is a Dubai story. In his own words, Abd al-Ghaffar Husain is middle-class and self-made; he is also shrewd, affable and an Anglophile.

Today he combines his local government work with a wide range of businesses—Mr Husain is part-owner of The Gulf's first floating hotel—many of them representing United Kingdom firms. He has no qualms about the number of foreigners in Dubai and is a convinced and active cosmopolitan on the prices issue.

He also argues that the cosmopolitan lifestyle of modern Dubai and the old, simple life are not mutually preclusive.

Abd al-Ghaffar Husain's father was an employee of a

member of the ruling family and a small businessman who was not educated but travelled between Dubai and Oman in pursuit of trade. Abd al-Ghaffar Husain's education was at the hands of a local mullah and later the famous al-Ahmediya school which offers a thorough education in classical Arabic literature and the Islamic faith. Its alumni are to be found in many similar government positions in the emirates.

Abd al-Ghaffar studied for his secular secondary school certificate while already working at the Municipality. Although there must have been more partners of Sir Alfred McAlpine on a huge construction project, director of several light industries and agent for a wide range of overseas concerns, Abd al-Ghaffar both contributes to and benefits from a free-enter-

prise economy of Dubai. "We need foreigners," he says, and the issue does not worry him unduly. What he does worry about is the unsteady duplication of schemes whereby identical projects are springing up in each emirate without proper regard for future requirements. Apart from the virtues of planning, however, he is strongly opposed to intervention in the market, even with rents and food prices at today's levels.

On the subject of the old days, Mr Husain is perplexed by the Europeans in Dubai who want the Municipality to preserve the Bastakiya—the decayed old houses on the Dubai side of the creek with their characteristic wind-towers. "How can we say to the people, you will continue to live in these conditions so that the tourists can come and look at you?" he wonders.

Faraj bin Hamoodah (aged 30); vociferous member of National Assembly, a director of the National Bank of Abu Dhabi, owner of one of the largest trading concerns in Abu Dhabi. (Abu Dhabi)

Faraj bin Hamoodah, aged 30, was born in a clay and mud fortress in the oasis village of Al Jeem, near Al Ain. As a boy his life and that of the whole community was affected by the rice famine; today his philosophy of life is based on the view that the world is small and nations interdependent.

During his boyhood the family, like the others of the neighbourhood, were half-Beds in that they travelled in the winter with their flocks in search of pasture, but returned in the summer to the houses they maintained in the village.

Alli, Mr bin Hamoodah's father, was a notable of Al Jeem, a mediator and shakhs—while in this particular system was a job won easily.

In 1960 Mr bin Hamoodah decided to get a modern education and learn English. His elder brother, secretary to Sheikh Shabkut in the capital, advised that the best school in Abu Dhabi was the training centre-run by the oil company Abu Dhabi Marine Area.

His 10-year education with the company was to take him to England in 1966 and to Wales in 1967, where he worked in a Swansea refinery, living with a very religious family which held strong views about a young man's social life.

It was not a happy period of his life. He was defeated by union demarcation rules and depressed by the ugliness of the industrial landscape. The six-day war broke out that June and he

everyone he knew was strongly pro-Israel. He returned to Abu Dhabi in 1968 and instead of the Civil Service jobs for which an educated Abu Dhabi citizen was much in demand chose to take his chances in the transport business then being set up by his brother.

Since then Mr bin Hamoodah's story has been one of success. He employs about 400 people, including 60 or so Europeans, and admits to being a millionaire. But business is only one facet of his life. He is well known as an active member of the National Assembly and is much concerned with politics generally.

These profiles were written by Ann Fyfe

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THE SUDAN IN THE GULF

FOCUS ON

Immigration



Dubai commuters make their way to work along the creek of Port Rashid.

Indians greatly outnumber the local Arabs

by Denis Taylor

The United Arab Emirates has one of the highest immigration rates in the world. The census of December 1975 gave a total population of 655,937, but no figure of the number of immigrants has ever been made public. Clearly the size of the population came as a shock, being very much higher than expected. Estimates of the number of outsiders in the UAE vary widely, but the most cursory inspection of the streets of Abu Dhabi, Dubai, Sharjah and Ras Al Khaimah shows that people from the Indian sub-continent vastly outnumber local Arabs. It is usually believed that the ratio of immigrants to UAE nationals is about five to one.

According to one well-placed source, there are only about 100,000 UAE citizens, about 80,000 Arabs from other countries, and more than 300,000 from India, Pakistan and Iran. There are two difficulties in trying to assess the number of immigrants from abroad. The Gulf and the Arabian Sea. First, many are temporary workers in the UAE. Second, a large proportion have arrived there illegally or overstayed the time permitted by their visas.

Although the Pakistan Embassy in Abu Dhabi suggests that the number of Pakistanis illegally in the UAE is very small now that Islamabad as well as Abu Dhabi has tightened controls and penalties against such traffic, it is probable that more than 100,000 immigrants are in the emirates without the necessary permission. My source put the number of illegal immigrants at 200,000. There is no indication that events like the tragic voyage from Pakistan to Al Fujairah last September in which at least 170 people are thought to have died have deterred people from attempting the trip. Survivors at Al Fujairah alleged that sick passengers were forced overboard at gunpoint from the grossly overcrowded launches during a journey which had lasted 20 days instead of the expected five. UAE police, alerted by a patrol boat, managed to detain most of the 600 people on board one vessel, but the others escaped. Travellers said later they had

paid savings to agents who had promised them visas from Iran. There is a large, apparently well-settled Indian community in Dubai, and that the Pakistani authorities at the point where the intending immigrants there surrounded by the people, sounds and spices of the subcontinent is enough to walk through the bazaar that one is in the Arab world.

Indians also work in offices and hotels. People of every nationality, including Arabs, seem to drive taxis. There are Egyptian, Palestinian, Lebanese and Syrian as well as Indian, Pakistani and British doctors.

Most skilled expatriates in business and the professions come to the UAE for at least three years. Those who work in government can get a five-year residence permit. Non-UAE Arabs are prominent in the swelling federal Civil Service in Abu Dhabi.

The tendency to look for Arabs as administrators is much less characteristic in Dubai, where the ruler has the reputation of avoiding bureaucracy and working with people for whom he has a high regard irrespective of their ethnic origin.

On the surface, the UAE is a tolerant place. Its nationals are courteous and do not exhibit nervous fears about being such a minority in their own country. English and Urdu are used freely as well as Arabic. Non-Muslim practices are absorbed, although there is speculation that more Islamic features of life may be emphasized.

An official in Abu Dhabi said: "There is continuous training in every field and there will still be much need for external manpower." He said that strengthening the watch on illegal immigration along the coastline was under discussion. The main purpose of controls, however, was "not to limit the number of people coming in but to give them guarantees that if they have formal visa entry they will have their position safeguarded." Despite such assurances, there are hints of some uneasiness about the proportion of non-Arabs in the country and even anxiety among some inhabitants about how long Arabs from far afield, like the Palestinians and Lebanese, may stay. At the same time it is realized that the only way the UAE can plough back its wealth into development is by importing labour and skills. The Arab side of the Gulf, it seems, is not xenophobic do not look good.



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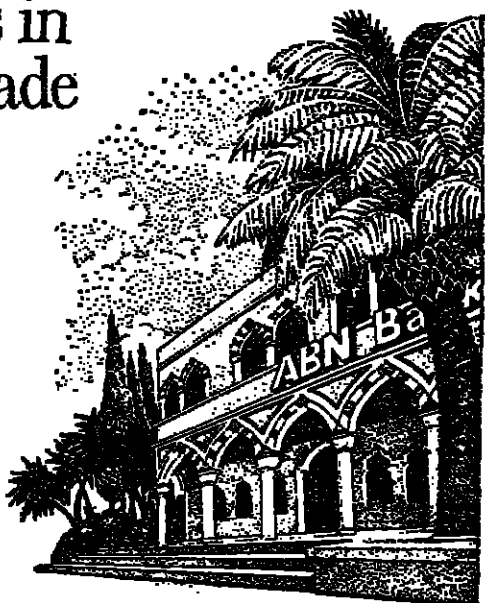
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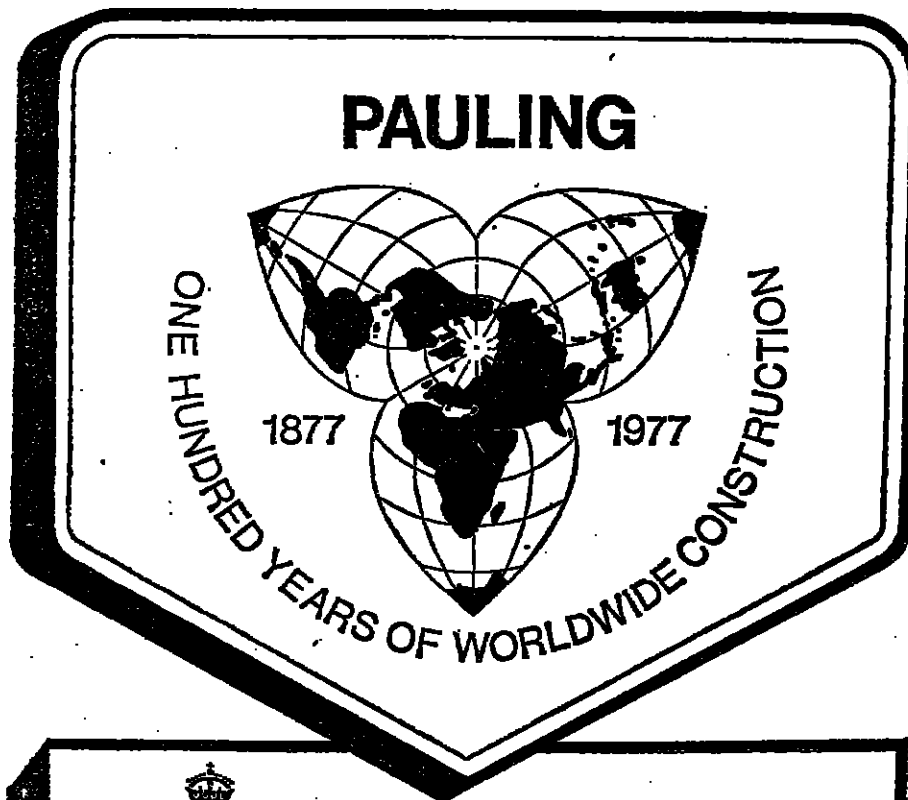
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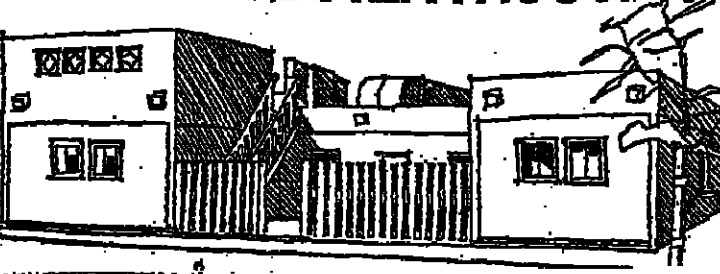
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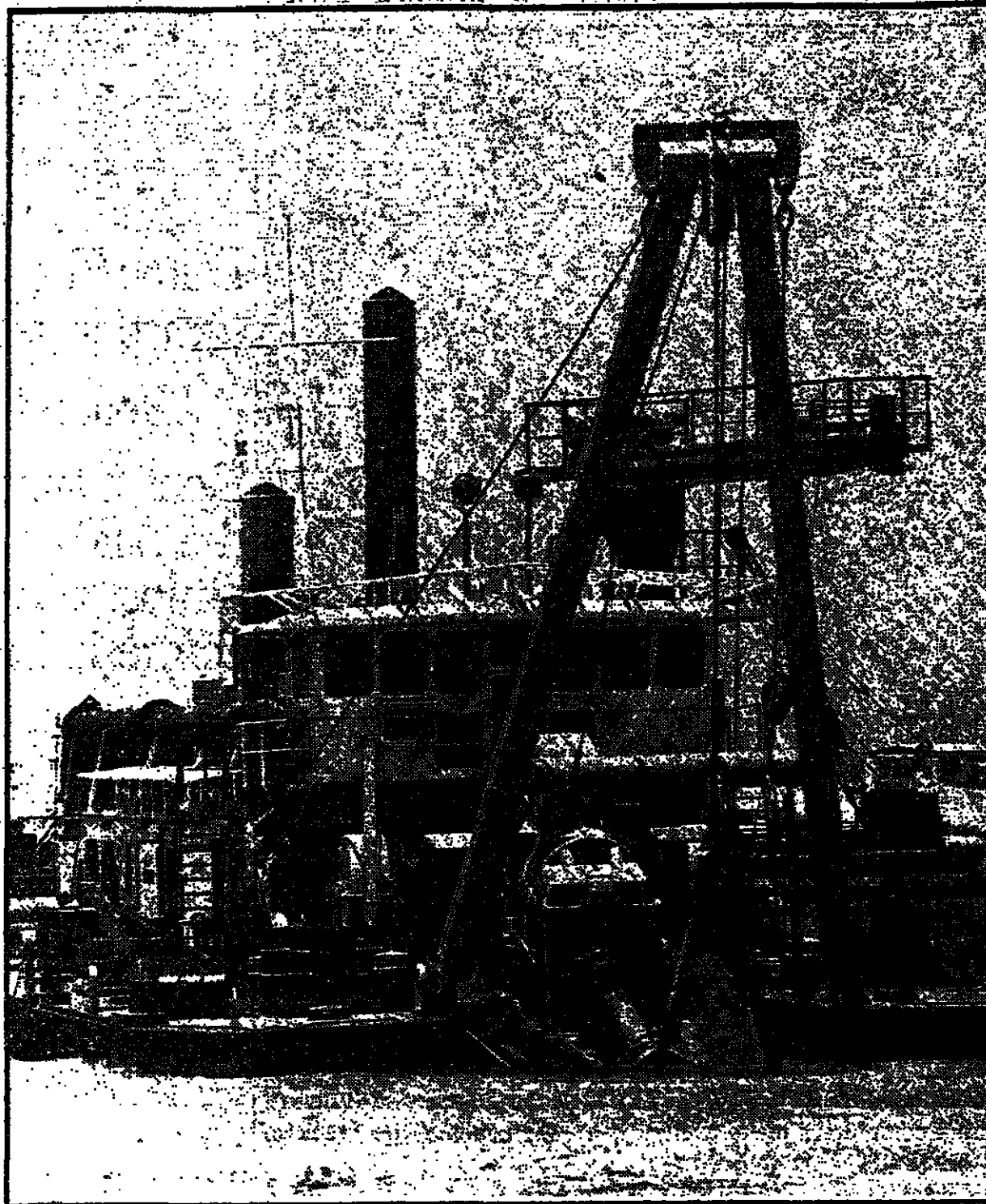
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FOCUS ON Industry



Cutter-suction dredging at Jabal Ali where a new port emerges on an uninhabited coastline.

Nation shifts gear into production

by Paul Routledge

With its vast oil revenues, the UAE is actively promoting a programme of investment in industrial basic services in preparation of a fundamental shift in the way the nation earns its living. Although oil strikes are reported regularly, the shaikhs are clearly looking beyond the time when the oil dries up to a sustainable pattern of economic activity that will prevent the federation falling back into its old unproductive ways.

Wrecked cars in the desert off the main Dubai-Abu Dhabi road are stark evidence that the UAE has made the transition from the camel to the car in one, rather dangerous, leap; and the economy is poised to make a similarly risky jump from a single source of wealth to industrial diversification. So far, the emphasis has been, as it must, on establishing the basic requirements for a modern industrial state, starting at the shore and moving inwards.

The ports of the UAE will be equipped not only to handle the distribution of goods throughout the Gulf, Arabia, Iran and the north-west of the Indian sub-continent, but to service the growth of industry. New trunk roads are connecting the proposed centres of industry. Bridges, electricity generating stations, the rudiments of a national grid and desalination plants are being ordered.

The emirates' order book is substantial. The shaikhs are buying in bulk from Britain, Japan, Germany, the United States, France, Greece and even Peru.

Dubai has already started work on the Jabal Ali site about 20 miles south-west of the capital. On hitherto uninhabited coastline, a new port is being built. Such is the hurry to get a neighbouring industrial complex into production that berths will be brought into operation as direct-delivery points as soon as the piles have been driven in. The Jabal Ali plans include a British-built aluminium smelter, and an associated extrusion plant; a liquid petroleum gas plant; a steel works; a desalination plant; and an oil refinery.

Elsewhere in Dubai, a cement plant capable of producing half a million tons a year is being built. To act as a showcase for its industrial achievements, Dubai is building a £100m international trade centre—a 39-storey tower block rising out of the desert outside the capital.

Abu Dhabi is working on a rival industrial complex at Al Ruwais, about 70 miles west of the city. Work will start in perhaps six months on a port to bring in construction materials, expanding to a complex embracing a domestic oil refinery, a steel mill, an ethylene cracker, a polythene plant, an ammonia plant and a fertilizer factory. Kobi Steel of Japan is considering participation in the steel project; United States interests and

a French consortium are negotiating about some of the others. In other parts of the rich, est state in the UAE, which has banned industry from the coral island of Abu Dhabi itself, there are to be a flour mill, an acid plant, steel pipe and steel rebar works; factories making bricks, tyres and possibly asbestos. A complete study of industrial prospects for the state is also being set in train. Consultants are being selected.

There are also federal projects—a bridge at Ras al Khaymah, a dual carriage way from Sharjah to Daid, power station extensions, gas and electricity distribution networks. These projects are believed to be funded primarily by Abu Dhabi's disproportionately large wealth, but the smaller emirates do have industrial ambitions of their own, though on a much reduced scale. Ras al Khaymah is to double and redouble the output of its cement plant to a million tons a year with help from Kuwait, and Ajman has attracted a Peruvian fish meal firm.

The overall impression is one of rapid industrialization on an extensive scale. But there is not enough technical knowledge or manpower to run such plants. Workers to build the factories and refineries will have to be brought in, and western skills imported to shift the economy from its almost total dependence on the export of crude oil to a broad-based industrial power.

Non-oil exports: principal destinations (million dirhams)

Country	1970	1971	1972	1973	1974	1975	1976*	Share (1976)
Saudi Arabia	3.4	21.4	28.0	14.5	24.2	57.6	149.3	27.3%
Iran	57.1	64.5	87.8	61.1	84.6	211.9	188.4	25.0%
Qatar	—	16.1	12.5	28.3	33.8	67.5	104.5	18.1%
Oman	21.6	24.8	38.5	47.8	67.9	113.4	82.8	11.4%
Kuwait	—	6.1	7.3	22.9	23.9	47.4	34.8	6.9%
Bahrain	—	7.8	7.9	14.5	21.0	36.7	21.5	3.9%
Other Far East countries	—	0.1	—	0.1	0.5	0.1	6.3	1.1%
Pakistan	11.7	11.2	18.1	36.9	42.4	31.3	5.6	1.0%
Total	—	0.1	0.5	1.7	5.7	11.2	4.3	0.8%
of which Dubai	96.5	151.4	203.8	245.0	330.0	602.8	547.5	100.0%
of which Abu Dhabi	96.5	128.2	168.2	215.5	295.5	566.6	448.9	82.2%
	—	33.1	35.8	29.4	43.4	36.2	97.6	17.7%

* January-June

Source: UAE Currency Board Bulletin, November, 1976.

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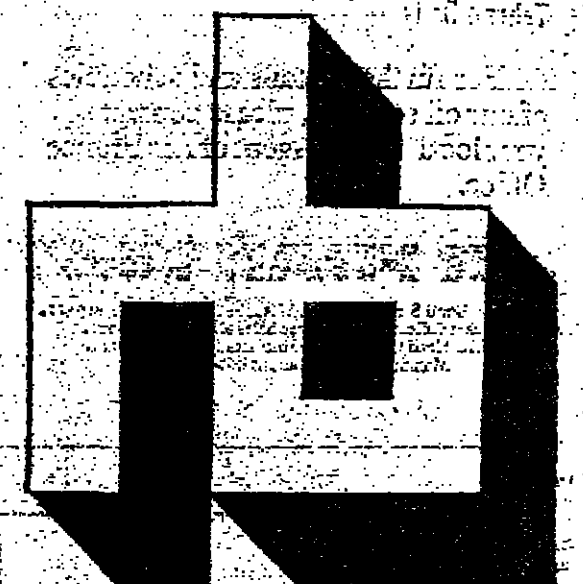
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FOCUS ON

Health and the Beduin

Improving medical services free for all

by Edgar

city UAE veteran of recent years d that new hospitals very well but it as he no longer got ps abroad. In one he had summed up tving medical ser- igh are now avail- everyone in the

medical services are free to citizens and alike. The Ministry it will still pay for a to receive treatment if it is not available together with the of a travelling com- out the necessity for penture has been a rapid decline. dozens of clinics even in the most parts of the country, p- now few people not receive regular r- from a doctor. g- clinics are built at schools; hospitals there are who are regarded among the top in fession. e- business although the e- has made great a medicine and wel- for the future are then ever before. a federal budget is later this month aced to show a con- crease in the of Health's alloca- capital expenditure 96m dirhams is last year. h- hospital facili- we lagged behind some of the other but during the past sternity hospital has and within the next ars there will be our hospitals in the e- disorders and has a e- under the super- number of specialists. e- the presidential cluding one in bio-mechanical engineering.

The contract for the largest of these, the 524-bed hospital at Mafraq, was awarded in April to the Italian company Fondaco Elettrica Alluminio and Leghe Spa (FEAL). It will include a nuclear medical unit and have facilities for open-heart surgery.

Two hospitals, of 328 and 322 beds, are being built by the German company Polensky and Zoellner with medical equipment being supplied by the joint venture of the Dutch Philips company and Siemens of Germany, Hospitalis.

Another, of 510 beds, which is known as the grand hospital complex, is being constructed by Babcock B&W of Germany. Consulting engineers for all four hospitals is Sir Alexander Gibb and Partners.

Also in Abu Dhabi is the "mini grand hospital" being built at Al-Ain which is in addition to the new tuberculosis hospital 20km away at Al-Saad.

In Dubai most medical facilities still come under the Department of Health and Medical Services. Dubai already boasts one of the best hospitals in the Gulf—the 385-bed Rashid Hospital—but there the Government is spending 500m dirhams on improving facilities still further. The Rashid is being improved and extended; a central services complex is being built and, to help cater for an expected population of 400,000 by 1980, Dubai is building a new 650-bed hospital designed by John B. Harris and Partners. In Jumeirah there is to be a new psychiatric hospital.

The Rashid Hospital has become well known for its care there will be four hospitals in the eye disorders and has a e- under the super- number of specialists. e- the presidential cluding one in bio-mechanical engineering.

Ajman has a small hospital and there are hospitals under construction in Ras al Khaymah, Umm al Qaywayn and Dibba.

In Sharjah, the Al Qasimi Hospital, which was constructed several years ago, finally opened under the management of Allied Medical of Britain last December.

Allied Medical, which also manages the new Corniche maternity hospital in Abu Dhabi with a largely British staff, has, however, recently been the centre of local criticism when it was

claimed in the semi-official Arabic newspaper, Al Hakeem, that the Al Qasimi Hospital was not keeping to a standard that was expected of British hospital management.

The claims, however, were largely unfounded and probably stemmed primarily from the fact that the 100-bed hospital, designed in the days of the Trucial States Development Council, is too small for Sharjah's needs.

Many people who had been previously been happy attending outlying clinics

Subtle attempt to settle the wanderers

by Ann Fyfe

Teaching the Beduin to make handicrafts—probably sounds an exotic pursuit. The International Labour Organisation is nevertheless sending a Scandinavian woman handicrafts expert, as considerable expense, to do just that at the desert oasis of Bada Zayed in Abu Dhabi. The result, it is hoped, will be more than handicrafts; this is the pilot scheme in a multi-pronged attack on the problem of the Beduin. Other, more direct, attempts to settle them, simply by providing modern houses and amenities, have met with little success.

Why is there a Bedui problem? Socially, it is undesirable that in a country as rich as the UAE, a sizeable segment of the indigenous population should lead a life of such hardship. An estimated 30 per cent of native-

born UAE citizens are Beduin, a figure which varies greatly, however, from emirate to emirate, there being a much greater concentration in the deserts of Abu Dhabi. To the state it is equally unsatisfactory that in a country so beset by a chronic deficit in local manpower, 30 per cent of the population should be wholly unproductive.

Great efforts have been made in the past few years to improve conditions for the Beduin communities by digging wells, starting regional schools and so on, but the ground still to be covered is immense. Beduin life revolves around camels, camel-hut tents, and the unique cardamom-coffee, over which much decision-making takes place. Beduin values, as far as one can ascertain, are based on camel breeding, good grazing, physical strength and furusija (valour and knight-hood). Of their women,

for their minor ailments suddenly descended on the hospital simply because the name "hospital" implied better treatment.

In March alone the hospital dealt with more than 11,000 outpatient and accident and emergency cases and it has regularly been forced to maintain a dangerously high 97 per cent bed occupancy. On occasions it has gone as high as 105 per cent. Finally, at the beginning of this month, it had to close to admissions for a time because they simply could not take any more patients, who then had to be referred to Dubai.

The problem of patients taking their minor ailments to hospitals instead of clinics is not new. Dubai has gone through the same thing and the Rashid Hospital has strict rules that it takes only those patients referred from a clinic, the older Al-Maktum Hospital or emergency cases.

Increasing emphasis is being put on preventive medicine in the UAE, and health education is included at nearly all schools.

But welfare in the emirates does not extend to medical services and facilities alone. As a new industrial and commercial society develops with such dramatic speed, social problems inevitably arise. For instance, social workers on their house-to-house visits have found that

poverty in the UAE is often caused not so much by lack

of money as by unfamiliarity with a money-based economy. For the older generation, therefore, the state welfare programme includes advice and education to help them to cope with a rapidly changing economic and social structure. For the less affluent, who cannot afford homes of their own, the Government is building thousands of low-cost houses each year, giving them away to families in need and providing furniture, free electricity and free water.

To other UAE nationals they give plots of land for them to build houses in areas where services are readily available.

Some estimates have put inflation as high as 150 per cent a year on many basic goods and the less well off have been particularly hard hit by food prices. Through the Emirates Trading Company, however, the Government sells subsidised flour, rice and vegetables and, during the holy month of Ramadan, meat.

It is still almost unknown for local women to go out to work for an employer. Some have entered the lucrative property business or own fleets of taxis which are driven by Indians and Pakistanis. But generally women stay in the home, so for most there is little means of supplementing an income.

Nevertheless, what a needy citizen requires will be provided.

Land, the most valuable commodity of all during the boom in construction, was freely parcelled out to citizens on low incomes, including a large proportion of Beduin who now find themselves in possession of

lower blocks on prime sites in Abu Dhabi town. The local partnership concept, by which foreigners trading in Abu Dhabi are required to have a local partner who may or may not share in the equity of the venture, has also been of great financial benefit to citizens without the skills to enter business themselves.

Settlements have been started in recent years in which Beduin families were offered modern housing and shops, with employment for the menfolk. These schemes have not succeeded on the whole; the Beduin have not adapted to the settled life, despite its comforts, and have drifted back to the desert. The latest idea is the "halfway house"—a group of modern houses built in desert areas, allowing the Beduin to live as they wished but with modern amenities. These have been seen along the Abu Dhabi-Al-Ain road and seem at this stage to be getting a more positive response.

The handicrafts project, however, which is a joint venture between the Ministry of Social Affairs, the ILO and the United Nations Development Programme, adopts a more subtle approach. It will introduce the idea of productivity and, since the goods produced will be bought at many times their market value, it will directly improve the standard of living of the families concerned.

What it will also do, over the longer term, is penetrate the tent and the community. By educating the womenfolk in the various traditional crafts it will, by deliberate but hidden extension, introduce them to a number of subjects vital to the improvement of living standards in the Beduin society, notably hygiene, child care, nutrition and the benefits of literacy. This is the real, underlying object of the exercise, as it was in the ministry's highly successful women's experiment at Al-Buraimi, which brought all manner of new interests to the families of that area.

Preserving the traditional skills is a valid objective in itself in a country changing as fast as the UAE. Principally, the handicrafts scheme will concentrate on khusa, the use of plaited palm leaves to make household containers, dishes, mats, trays, and so on, and on classical embroidery and leatherwork. The women's exquisite diaphanous kaffiyehs, usually in dark blue or dusky pink with intricate gold-thread embroidery, at the neck already fetch a fortune from visitors. It is felt that skin rugs, leather goods and even the once common bladder-shaped water-carrying skins will be equally attractive. These ancient crafts are disappearing fast and a nostalgia for them is starting to be felt.

Beduin women are expected to work very hard. Apart from being the sole possible number of children and besides normal household duties, they have the particularly onerous tasks, in desert surroundings, of water-fetching and camel-watering. The scheme will not lack conservative opponents in the community, but its promoters hope the sizable cash incentives will help solve that problem and allow them to introduce a wide range of modern comforts and amenities to the remote villages.

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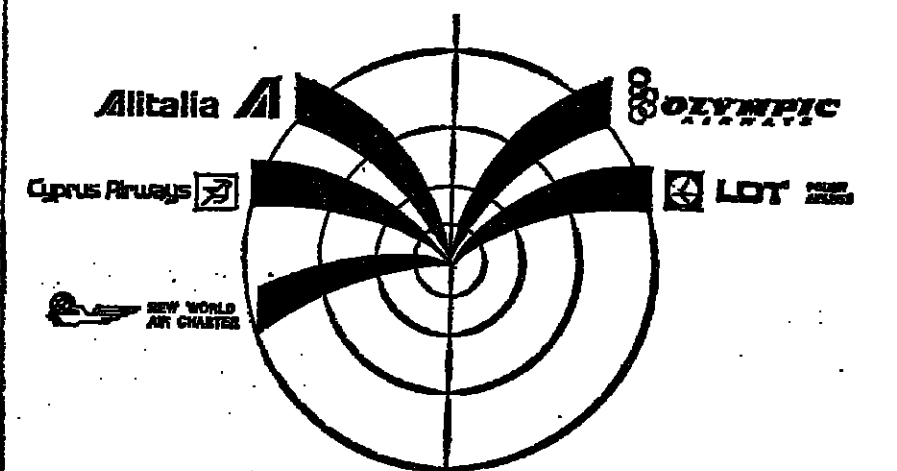


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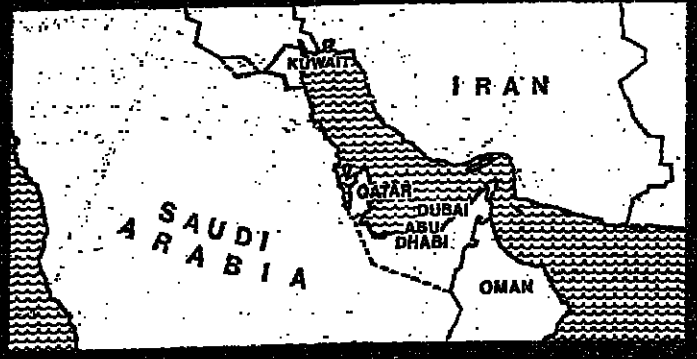
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FOCUS ON

Oil

Compromise likely to end two-tier pricing

by Roger Vielvoye

Since the Organization of Petroleum Exporting Countries (Opec) split into two camps over the question of pricing at the last full ministerial meeting in December the United Arab Emirates has been exporting some of the most highly priced crude oil in the world. The emirates followed the lead of its larger and more powerful neighbour Saudi Arabia in holding down the price increase to 5 per cent while the remaining 13 members of the organization boosted prices by 10 per cent and gave notice of another 5 per cent rise from July 1.

Oil company buyers have naturally been anxious to acquire as much oil from the emirates as possible although there has been little opportunity for increasing sales above the high levels achieved in the final quarter of 1976 when oil buyers were extremely active in building up their stocks in advance of the expected new year's day price rise.

Almost as active as the oil buyers are the various Opec mediators who have visited Abu Dhabi with proposals for ending the division over prices. Attempts to reach a compromise in the early months of the year failed, but after the visit to Abu Dhabi of President Carlos Perez of Venezuela in April, the chances that a formula can be found for ending the two-tier price system have increased dramatically.

The basis for the new compromise would be for the UAE and Saudi Arabia

to increase their prices by 5 per cent in return for the other 11 members of the organization dropping their proposed 5 per cent increase in July. The net results would be all Opec oil prices 10 per cent above the prevailing levels in December, Indonesia, past official given notice that it will drop the demand for the extra 5 per cent but so far no other Opec member has committed itself to any definite action that could lead to any end to the pricing split.

Any solution to the problem reached during the backdoor negotiations of the past few months would have to be formally approved by the next full ministerial meeting of the organization which is scheduled for Stockholm on July 12. Failure to produce a compromise and the continuation of the two-tier pricing is thought to be unlikely but in the event of dual pricing continuing, perhaps for the rest of the year, the consequences for Opec could be serious.

There was little surprise at the Qatar meeting at which two-tier pricing emerged, that the UAE decided to act in unison with Saudi Arabia. The oil policies of the two countries have always been closely linked and consultations are frequently held between Mr Mana Said al-Otaiba, the UAE Oil Minister, and Shaikh Ahmed Zaki Yamani, his opposite number in Saudi Arabia, particularly in advance of important Opec meetings.

Abu Dhabi with its massive reserves, naturally dominates the union's oil policy-making. Production at present is about 1,600,000 barrels a day compared with Dubai's 320,000 barrels a

day and the 35,000 barrels a day from Sharjah. Oil has also been found in another of the emirates, Ras al-Khaimah, where Deminor, the German state-supported oil company, has recently taken over a share in the offshore concession from a Dutch concern and is now working on another potential oil-bearing structure.

The bulk of the production in Abu Dhabi comes from well-established onshore fields, but most of the interesting new developments concern the offshore operations. At present Abu Dhabi Petroleum, in which the state has a 60 per cent interest, is producing just over a million barrels a day and has the capacity to increase output to just over 1,300,000 barrels a day. Most of the surplus capacity is contained in the Bu Hasa field where output is pegged at just below 500,000 barrels a day, while facilities are installed to handle nearly 700,000 barrels a day. There are also three other offshore fields controlled by the group—Asab, Bab and Sahil.

Unlike neighbouring oil states, Abu Dhabi has decided not to take 100 per cent control of the concessions that were formerly in the hands of the international oil groups. The state oil company now holds 50 per cent of the equity in the onshore and offshore oil consortia. The oil companies retain 40 per cent of their original holdings and are required to put up their share of new investments.

This policy has already led to controversy over the proposed development of the large Upper Zakum offshore oil field. The reservoir was discovered by Abu Dhabi Marine Areas and partly developed to produce 50,000 barrels of oil a day.

Proposals were then made to raise production to 500,000 barrels a day within six to eight years at a cost of between \$2,000m and \$3,000m. British Petroleum and Compagnie Française des Pétroles, the two major oil company partners in ADMA, then told the state oil company they could not justify investments in the scheme because of new Opec tax terms.

CFP which had undertaken an evaluation of the smaller Sath al Razboor field—scheduled to begin production in 1979 and rise to 100,000 barrels a day—agreed to develop the field for the Abu Dhabi National Oil Co (ADNOC) for a fee and the right to buy a percentage of the output at full market prices. But it would not make any capital contribution towards the cost of the project.

Then came an unexpected development. The Japan Oil Development Co, a group of oil, banking and trading in-

terests which paid BP \$780m in 1973 for a minority 12 per cent interest in ADMA, then decided in April to exercise its option to invest in the development programme.

Although BP and CFP, the major partners in the development, had said earlier the investment could not be justified, the Japanese made a different evaluation in the light of their new policy of investing in proven oil development rather than more speculative exploration projects.

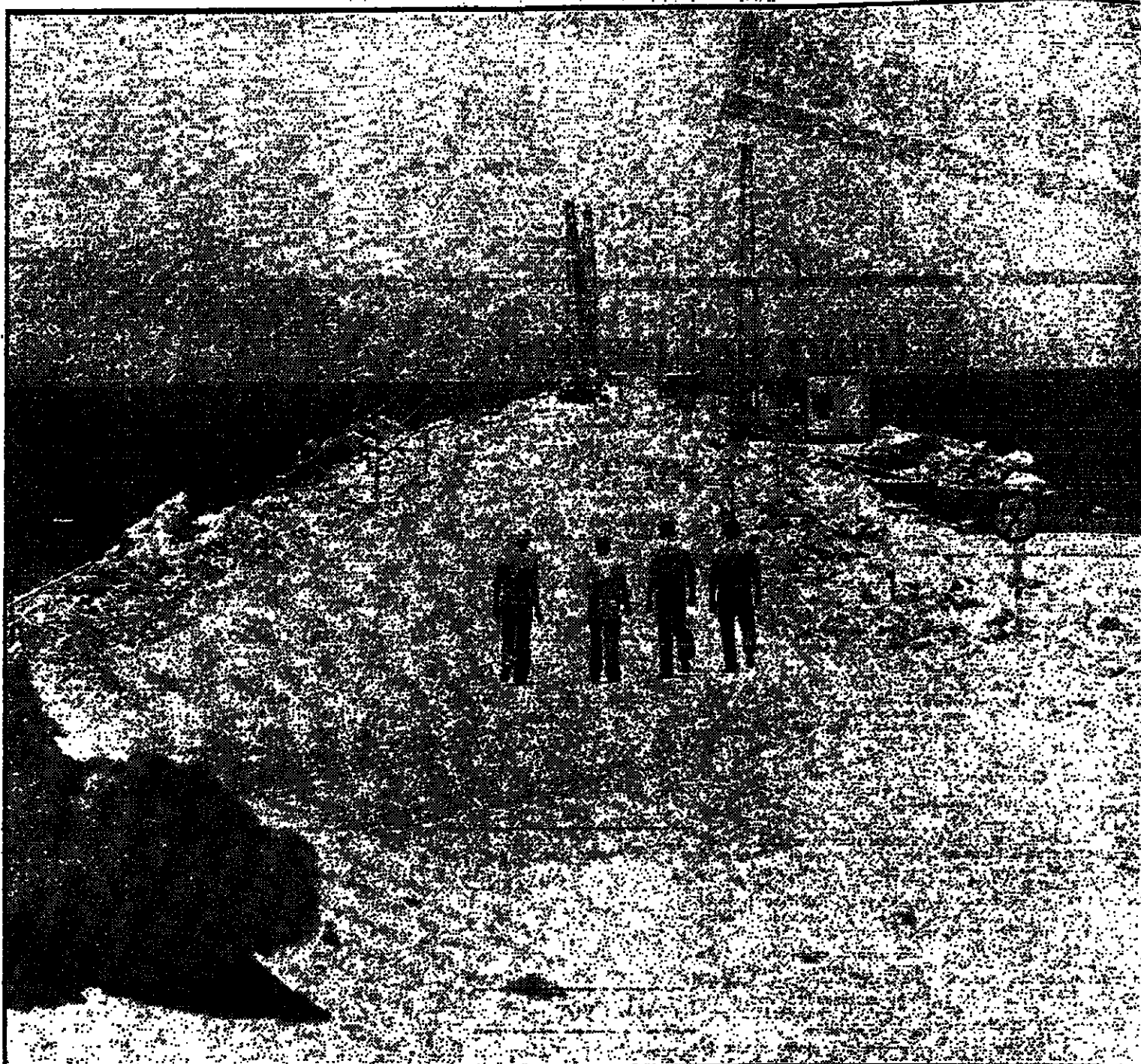
The Japanese decision to invest has had repercussions at CFP headquarters in Paris where executives are considering whether the company should all will contribute towards the capital costs as well as underwriting the development work. Industry sources say the re-evaluation of the project by its two non-government partners has also pushed BP into reconsidering its position.

Under the development plans being put forward production from Upper Zakum would rise in two stages. The major part of the project would push output to 350,000 barrels a day by 1982 with the full 500,000 barrels a day being reached two years later. It would also require the construction of a new tanker terminal at Zira island about 40 miles east of the field. At present the 50,000 barrels a day production from the structure is moved into the Das Island terminal and mixed with crudes from the Lower Zakum field.

Interest is also being shown in a number of other small offshore oil reservoirs. Japan Oil Development is thought to be interested in taking a stake in the Sath structure which lies close to the Bundug field and may produce up to 50,000 barrels a day and in the Sath al Razboor field which is being developed by CFP, again on a fee basis.

Japanese oilmen are hoping that because of the marginal nature of these small fields the Government might agree to easier terms. Already concessions have been made for CFP's small Abu al Bukhoosh field. Work has started on the development of the offshore Arzanah field. Amerasia Hess, in partnership with Marathon, hopes to have the field in production next year.

After a six-month delay, a major liquid natural gas export project based on Das Island has started up. The Abu Dhabi Gas Liquefaction Co, in which the Government has a 51 per cent interest in partnership with BP, CFP, and two Japanese companies, Mitsui and Bristow, is shipping liquid gas to Tokyo Electric from a plant designed to produce 2,200,000 tons a year as well as 800,000 tons of liquid petroleum gases. The



A breakwater under construction at Jabal Ali, near Dubai, where a liquefied petroleum gas plant and oil refinery are to be built as part of an industrial complex which will be one of the biggest in The Gulf.

Das Island plant is using 500 million cu ft a day of gas produced in association with oil from ADMA's offshore fields.

By far the most ambitious development using gas so far as been instigated by the Abu Dhabi National Oil Company. It has awarded contracts to the American Fluor Corporation for building facilities to gather associated gas from onshore fields and to Bechtel for building processing facilities.

Just over a year ago the four oil company partners in Abu Dhabi Petroleum—

Shell, BP, CFP, Mobil, Exxon and Parpet—signed a heads of agreement for a joint onshore gas development. But a series of disputes over the terms of oil company participation culminated in the state company implementing its go-it-alone policy.

The state company says that because of possible competition from other proposed gas schemes in the area it cannot wait until agreement is reached with the international oil companies before putting the development plans into motion.

Oil company sources feel that the state oil company does not yet have the expertise to handle a project that could cost more than a thousand million dollars to build and that there could be an opportunity for the companies to return to the consortium. The scheme, envisaged by the state oil company, would take 1,000 million cu ft a day of associated gas from the onshore fields, to produce 185,000 barrels a day of gas liquids.

The world's largest offshore sea water injection pump has also been constructed at the

Umm Shaif oil field, which lies about 100 miles off the coast and is supervised by ADMA. BP, which involved the construction of an offshore complex to control the 21 wells that flood 265,000 barrels of water a day into the reservoir.

It cost about £200m to implement, and ADMA is planning a similar scheme for the Zakum field. By injecting the water at the

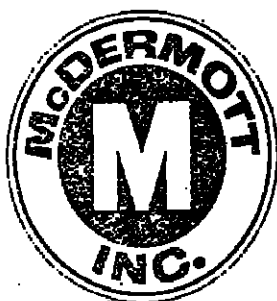
edges of the field and under pressure the oil will be pushed towards the reservoir and

be maintained and a decline in output can be prevented.

The control complex was designed by a British company, Power Gas Harris, and built in sections in centre around the world ranging from Singapore to the Red Sea. They were then floated out to Abu Dhabi and assembled on the site. Many of the small well-jacks and helipads were built in Kuwait, Sharjah and Al Dhahi.

The author is Energy Correspondent, The Times.

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